JPRS-CRF-86-021

29 OCTOBER 1986

# China Report

## RED FLAG

No 18, 16 SEPTEMBER 1986

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# CHINA REPORT

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## No 18, 16 September 1986

[Translation of the semimonthly theoretical journal RED FLAG of the Central Committee of the Communist Party of China published in Beijing.]

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INCREASE INCOME AND REDUCE EXPENDITURE, KEEP EXPENDITURE WITHIN THE LIMITS OF INCOME

Beijing RED FLAG in Chinese No 18, 16 Sep 86 p 2

["Forum"]

[Text] At present, maintaining the balance between financial income and expenditure is a rather prominent issue that we should notice. Due to some factors which led to reduction in income, we did not achieve a satisfactory financial income in the first half of this year. This is one of the reasons for our current financial problem, but the main problem and the focus of the financial situation is that the expenditure in our budget is too large and the actual expenditure is even larger than the budget. The economic growth rate this year is basically normal, but the expenditure was still arranged in light of the situation 2 years ago, when our economic growth rate was rather high and financial income increased rather rapidly. Thus, we now encounter an imbalance between income and expenditure.

In order to maintain a basic balance between income and expenditure throughout the year, we must now adopt some effective measures to increase incomes and retrench expenditure. In particular, our efforts should be focused on retrenching expenditure. All central departments and localities should follow this guideline: Expenditures must be kept within the limits of income and within their financial capacity. All gaps between the income and expenditure of a unit must be filled, and the swelling demand must be constrained.

Now, some localities, departments, and units do not arrange their expenditure in light of their actual income conditions but merely in light of their actual needs. They do not consider the scale of expenditure in light of their financial capacity, but just work out an income budget in light of the expenditure needs. As a result, the scale of expenditure becomes very large, and cannot be met by their incomes. How do they deal with this situation? They simply try to get money from higher authorities or their subordinate units, and some of them directly request the central authorities to appropriate more money to them. Some request the higher authorities to reduce their tax and profit contributions or increase subsidies, and some impose levies on their subordinate enterprises so as to raise funds. All such practices are not well thought of and will just bring about adverse consequences.

Why are we always not able to overcome the swelling of investments in fixed assets? There are problems in the system, and there are also problems with our guideline. If we do not keep expenditures within the limits of income, we may always find we are short of funds. That would be a bottomless pit, because our funds are always limited and the contradiction between supply and demand of funds always exists. The present scale of our financial budget is 200 billion yuan, but even if we increase the budget to 400 or 500 billion yuan, there would still be contradictions and we still have to keep expenditures within the limits of income. Of course, we should not only make ends meet, but should also accelerate the turnover of the funds and use the funds more efficiently so that we can use the same amount of money to do more things or use a smaller amount of money to do the same thing. It is advisable to use funds in such an efficient way and to gain a better income by spending a smaller amount of money. However, incomes under certain conditions and within a certain period are always limited, no matter how efficiently we manage and use our funds. Beyond the limits of income, our expenditures will just cause deficits and the construction projects will have no financial support. The modern economy is an organic entity. If various sectors merely consider their needs and do not bring their expenditures into line with their incomes, and if they all like to "cook a meal without rice," the scale of construction as a whole will certainly become too big, and the supply of raw materials and energy will be strained. When all units are trying to make greater achievements and develop themselves more rapidly, none of them will succeed in their efforts. This has been repeatedly proved in our economic life for many years.

Increasing income and retrenching expenditure, and keeping expenditure within the limits of income so as to maintain a financial balance this year is of great significance in ensuring the steady and well-coordinated development of the national economy and in ensuring a favorable economic environment for the economic structural reform. If we incur a big deficit this year, the bank will inevitably have to issue more banknotes, and the contradiction between supply and demand will be sharpened. This will inevitably lead to a tightening of the economy. If the deficit is very big, reform in the next 2 years will certainly be affected. New reform steps need some financial preparations. In particular, price reform may affect the interests of some enterprises and individuals and the government will have to offer some subsidies from its financial reserve. Therefore, we must be very careful to maintain a financial balance this year. All central departments and localities have responsibility for the maintenance of a financial balance. They must fulfill their income targets in light of the state budget and should try to exceed these targets. At the same time, they must keep their expenditures within the limits of the budget and the expenditure must not exceed the budget. All central departments and localities should retrench their expenditures, and the whole country from the top to the bottom should make joint efforts to strive for a financial balance this year.

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CARRY FORWARD AND DEVELOP THE YANAN SPIRIT AND STYLE

Beijing RED FLAG in Chinese No 18, 16 Sep 86 pp 3-7

[Article by Peng Zhen [1756 4176]]

[Text] Whenever I go to Xian, I usually have Yanan in mind as well. Yanan was a sacred place of the revolution during the war of resistance against Japan. Why was it a sacred place? It was a sacred place because of its spirit and style.

What is that Yanan period? At the beginning, the great majority of Chinese people were under enemy rule. The whole of northeast China and some other areas were occupied by the Japanese imperialists, and most of the remaining areas were ruled by the KMT. We had only one large revolutionary base, northern Shaanxi, which had a population of 1.5 million. This population also included soldiers and office workers, of which the number of the main force of the Red Army was less than 30,000. At that time, there were about 40,000 registered party members throughout the country. However, we finally liberated China. There were many reasons for our success, but the most important was the combination of the universal truth of Marxism-Leninism with the concrete practice of the Chinese revolution.

The success in closely combining Marxism-Leninism with the concrete practice of Chinese revolution was achieved through struggle and at cost.

During the period of the second revolutionary civil war, we once established more than 10 revolutionary bases and the number of the Red Army reached some 300,000. Our work in the White area was also greatly developed. But in the later period, we had only one large revolutionary base left in northern Shaanxi, and the number of the Red Army was reduced to less than 30,000. Almost all the party organizations in the White area were destroyed. What was the reason for all this? It was because subjectivism, especially dogmatism, was in the dominant position in our party. Our failure was due to the subjective ideological line.

The number of the Red Army in the central soviet area once reached 100,000. Before the Long March, it was more than 80,000. But when we got to Zunyi, it was only more than 30,000. Chiang Kai-shek expected the Red Army to follow the same disastrous road of Shi Dakai [a leader of the Taiping

Heavenly Kingdom in the 19th century] and be wiped out when crossing the Daduhe. At this critical moment, the CPC Central Committee held a meeting in Zunyi, at which Comrade Mao Zedong, who had been wrongly criticized as a right opportunist, was elected member of the Standing Committee of the Political Bureau of the CPC Central Committee. After that, a three-person military leading group was established by Mao Zedong to give unified leadership over the army. Thus, the leadership position of Comrade Mao Zedong in the Red Army and the CPC Central Committee was actually established, and the Chinese revolution began to advance smoothly again. However, the problems concerning ideological line were not yet resolved at that time. They were resolved later through the rectification movement in Yanan.

During the Yanan rectification, the style of the party, the style of study, and the style of writing were rectified, the party's history was studied, and the question concerning the two lines was clarified. Many comrades in our party began to really understand that the correct line represented by Comrade Mao Zedong embodied the idea of combining the universal truth of Marxism-Leninism with the concrete practice of Chinese revolution. When the Political Bureau decided to give this idea the name of Mao Zedong Thought, Comrade Mao Zedong said: If you comrades want to find a person's name to represent this idea, I can accept it. But I must declare that this is not a personal idea of mine but an outcome of the Chinese revolution and the crystallization of the experiences and lessons of the long-term Chinese revolutionary struggle. It is a collection of the correct ideas of many comrades. From this, we can see that Mao Zedong Thought was not proclaimed by Comrade Mao Zedong himself, but was decided on the eve of the Seventh CPC National Congress through the Yanan rectification. In the "Resolution on Certain Questions in the History of Our Party" adopted by the Seventh Plenary Session of the Sixth CPC Central Committee and at the Seventh CPC National Congress, Mao Zedong Thought was finally defined as the guiding ideology for the whole party.

When we talk about Mao Zedong Thought, we naturally link it with the Yanan spirit and the Yanan style. During the Yanan period, we were faced with many difficulties. It can be said that it was the most difficult period of our revolution. However, when the problem of ideological line was resolved, the population of our revolutionary bases soon reached more than 100 million. When the Seventh CPC National Congress was held, we had 1.21 million party members and a 910,000-strong army.

Mao Zedong Thought unified the thinking and enhanced the unity of the whole party. From then on, we began to march forward from one victory to another. We won victory in the war of resistance against Japan and, in the next 3 and 1/2 years, defeated Chiang Kai-shek, wiped out the 8 million KMT troops, and established the PRC. We then carried out a nationwide land reform and democratic reform in order to fulfill the tasks of the new democratic revolution and rehabilitate our national economy, which had been seriously damaged in old China. After that, we started the socialist transformation of the ownership of the means of production and began our socialist economic construction.

The Yanan spirit and style are our revolutionary heritages. With them we won victory in the revolution. Today, in our construction of socialist modernization, we still need to carry forward and develop them. When we say carry forward and develop the Yanan spirit and style, we do not mean to mechanically copy the concrete methods of that time but to develop those things that were suitable at that time and are suitable at present.

What are those things that suit both the past and the present?

1. Seeking truth from facts. During the Yanan rectification, Comrade Mao Zedong was president of the Central Party School, and I, vice president in charge of concrete work. I asked him: For each school, there should be a motto, and what is the motto for the Central Party School? He said: The motto should be "seeking truth from facts and avoiding empty talk." Later, he was asked to write an inscription for a newly built auditorium of the party school, and he wrote the four Chinese characters of "seeking truth from facts." It was appropriate for Comrade Mao Zedong to inject some new meaning to this ancient phrase and to use it to sum up the essence of dialectical materialism and historical materialism. Now, whenever we talk about seeking truth from facts, people all understand that we are talking about dialectical materialism and historical materialism, about Marxist philosophy, because it is simple and clear.

When we talk about seeking truth from facts in different periods, the contents also vary. In the Yanan period, the basic "facts" were that a large part of Chinese territory was occupied by the Japanese imperialists and that we must carry out the war of resistance against Japan. The main reality at that time was the national struggle. Today, the "facts" are different. The land ownership of the landlord class has been eliminated and all the capitalist enterprises have become the people's property through socialist transformation. The landlord and the bourgeoisie no longer exist as classes, and the people are the masters of their own country. The basic "fact" today is socialist construction.

What did we do in the new democratic revolution and the socialist revolution? We liberated the productive forces. What should we do after the socialist transformation is basically completed? We should develop the productive forces. This is a fundamental change. With the basic completion of socialist transformation, the exploitation system has been eliminated and the exploiting classes no longer exist as classes. Thus, our strength should be concentrated on the development of the productive forces. After the 3d Plenary Session of the 11th CPC Central Committee, we listed some "leftist" mistakes of Comrade Mao Zedong. Why do we say they were "leftist" mistakes? The main reason is that after the exploitation system was abolished, he still insisted on "taking class struggle as the key link." When the bourgeoisie class was not found in the society, he looked for it within the party, saying that the bourgeoisie existed in the party. How could a bourgeoisie class emerge within the party?

Of course, it is not true that Comrade Mao Zedong never attached importance to the development of the productive forces. At the Second Plenary Session

of the Seventh CPC Central Committee, which was held on the eve of liberation, he said: "From the very first day we take over a city, we should direct our attention to restoring and developing its production." He also said: "For this reason our comrades must do their utmost to learn the techniques of production and the methods of managing production as well as other closely related work such as commerce and banking." "If we know nothing about production and do not master it quickly, if we cannot restore and develop production as speedily as possible and achieve solid successes so that the livelihood of the workers, first of all, and that of the people in general is improved, we shall be unable to maintain our political power, we shall be unable to stand on our feet, we shall fail." Does this not mean developing the productive forces? These remarks are still correct now. Later, a resolution was adopted by the Eighth CPC National Congress. It said that the main contradiction in our country was the contradiction between the people's demand for rapid economic and cultural development and the fact that the current economic and cultural development could not satisfy the people's needs. How could we resolve this contradiction? The main method was to develop the social productive forces. The main spirit of this resolution is correct. In 1966, when the Third 5-Year Plan began to be carried out, everyone was ready to make efforts to promote our production. If we concentrated our efforts on construction at that time, there would have been much smaller difference between our country and the developed countries. But right in that period, Comrade Mao Zedong initiated the "Great Cultural Revolution," which resulted in the 10 years of internal disorder and great disasters.

During the "Great Cultural Revolution," many things were turned upside down. For example, the "theory of productive forces" was criticized. It was already wrong not to firmly grasp the development of production, not to mention the criticism of the "theory of productive forces"! Did Marx not say that production relations are decided by the productive forces and the superstructure is decided by the economic basis, or production relations? The criticism of the theory of productive forces was in reality a negation of this basic principle of historical materialism. For another example, Comrade Mao Zedong always emphasized that no one can avoid making mistakes, saying that all men have made mistakes, only that they are different in seriousness and nature. He opposed the method of "ruthless struggle and merciless blows" against erring comrades and advocated the policy of "learning from past mistakes to avoid future ones and curing the sickness to save the patient," so that errors can be corrected and the comrades united. I heard these remarks from him many times, and later, I also often repeated the same idea. During the "Great Cultural Revolution," some people criticized me, saying that what I said meant to negate Chairman Mao himself. How could Chairman Mao make mistakes? But actually these were all his remarks. Comrade Mao Zedong summed up the historical experiences of our party and said that we should hold firmly to the truth and correct our mistakes whenever they occur. He also emphasized the importance of democratic centralism. Before the "Great Cultural Revolution," he went down to the grass roots every year and talked with local party secretaries. He discussed many important matters with them, but finally he usually said: What I have said does not count. The Central Committee is in Beijing, and what is decided by Beijing really counts.

However, in the "Great Cultural Revolution," all this was changed. It was said that every sentence by Chairman Mao was the truth and carried more weight than 10,000 ordinary sentences. Then how could we hold firmly to the truth and correct mistakes whenever they occurred? It was also said that what Chairman Mao said were the supreme instructions. Then where could we find democratic centralism and the Yanan style? The true features of Mao Zedong Thought were not restored until the 3d Plenary Session of the 11th CPC Central Committee. The party Constitution, which was adopted by the 12th CPC National Congress, clearly stipulates that the CPC takes Marxism-Leninism and Mao Zedong Thought as its guide to action.

In short, seeking truth from facts means to proceed from "reality" and find out the objective laws governing the development of things, the development of society, and the development of history. In the revolutionary period, there are realities of revolution and the objective law governing the development of revolution; and in the period of construction, there are realities of construction and the objective law governing the development of construction. In doing everything, we must follow the objective law. In philosophy, we often talk about necessity and freedom. So long as we find out necessity, that is, the objective law, and act in accordance with this law, we can realize the change from necessity to freedom. In modern language, this means that we must act in accordance with the objective law conscientiously rather than blindly.

The emergence of Marxist philosophy was a great revolution in the history of human cognition. Hegel was a great master of dialectics, but he was an idealist. He held that there was an "absolute concept" beyond the nature, and when this "absolute concept" developed to a certain extent, it turned itself into the "outer" nature. Thus, the cognition of the nature was a process of returning to the "absolute concept." In history, dialectical ideas appeared in various countries, including China. In the book "Lao Zi," there are rich dialectical contents. Although different terms were used, the ideas were in essence the same as those of Europe. Materialism also emerged in China and foreign countries. But only Marx and Engels were the founders and creators of the proletarian theory of dialectical materialism and historical materialism. They summed up and developed the outstanding ideological achievements of human history, inherited and developed the materialist and dialectical traditions on the history of philosophy, and founded Marxist philosophy.

Dialectical materialism and historical materialism are ideological weapons of the proletariat that can never be discarded. In other words, we must always adhere to the principle of seeking truth from facts. In different periods of time, we must study different realities and find out different objective laws. In the past, we studied the realities and objective laws of the past, and today, we should study the realities and objective laws of today. In doing everything, we must follow the objective law. The principle of seeking truth from facts will never be outdated. At present, we are carrying out construction of socialist modernization and overall reform of the economic structure. We must proceed from this "fact" and find the objective law governing their development so as to act in accordance with

the law. Only thus can we avoid subjectivism and blindness in doing things and reduce or avoid serious mistakes and losses in our work.

2. Serving the people wholeheartedly. This is a fine tradition of our party and we must sustain it. In the Yanan period, we repeatedly stressed this idea, and the whole party was united on this basis.

The Communist Party is the vanguard of the working class and the true representative of the interests of the people of all nationalities. The party does not have any special interests other than the interests of the working class and the broad masses of people. All party members must conscientiously consider the following question: Are you serving the people wholeheartedly or halfheartedly, or are you serving yourself only? At present, some people are mainly serving themselves. How can we find the spirit of serving the people in those Communist Party members who have committed economic crimes? If they had been serving the people wholeheartedly, they would not have changed themselves from vanguards of the working class and servants of the people to guilty persons condemned by the people. So long as there is the Communist Party, the principle of serving the people wholeheartedly must be adhered to, and Communist Party members must be servants of the people rather than overlords sitting on their backs to seek private interests.

The working class is the last oppressed and exploited class of the human race. The historical trust entrusted to it is not merely to emancipate itself. It cannot emancipate itself without the emancipation of mankind. So, serving the people wholeheartedly is determined by the nature of the working class. Wavering on this point reflects the change in nature.

Some people say that serving the people is an old saying. In my opinion, this old saying is not outdated. It is still of great significance today. Now that our party has become a ruling party, a party in power, it is more necessary for it to serve the people heart and soul. If one no longer serves the people wholeheartedly when one becomes the "head" of a certain unit and has power, there must be some problems. Now some Communist Party members have forgotten this fundamental principle and have abused their power to seek private interests. They are running counter to the purpose of our party. In our efforts to rectify the party style at present, it is necessary to carry out education among the party members on the idea of serving the people wholeheartedly.

3. Self-reliance and hard struggle. Should we continue to rely on our own efforts and struggle hard after taking over state power? This is also a question concerning class nature. The task of the proletariat is to overthrow the exploitation system characterized by sowing without reaping and reaping without sowing. The proletariat, which is not a class enjoying the fruits of others' work, must rely on its own efforts in order to emancipate itself and to create the world. In the time of revolution, it relied on its own efforts and struggled hard. After seizing state power, on what should it rely in carrying out socialist transformation and construction? It should also rely on its own efforts and struggle hard. Of course, when we stress

hard struggle today, we do not mean the toils in the past, such as "brothers and sisters opening up the wasteland" and spinning by hand, because at present, we have tractors and all kinds of machines as well as advanced science and technology. Our construction is developing very fast and the people's livelihood has been greatly improved. But we cannot think that we are already very rich and can seek ease and comfort without arduous labor. We cannot think so now, and we cannot think so in the future. In the future, however great progress is made and no matter how rich we are, we must continue to stress self-reliance and hard struggle.

In Yanan, while emphasizing self-reliance, we also emphasized striving for foreign aid. At that time, the revolutionary bases were surrounded by the enemy. It was very difficult to get foreign aid. But we still did not neglect this work. At present, when we emphasize self-reliance and hard struggle, we do not mean that we need not study and introduce advanced science and technology and need not learn from all positive ideological and cultural achievements of the world. On the contrary, we hold that only by absorbing the advanced science and technology and cultural achievements of the world can we build socialism and communism. In order to study and introduce advanced science and technology and promote our construction of socialist modernization, it is entirely necessary for us to implement the policy of opening up to the outside world. The economy and culture of the world have been an organism for a long time. No country can close its door and develop in an isolated environment.

Introducing advanced technology is conducive to our modernization drive. At the beginning, we may exchange a product made by 10 laborers for a foreign product made by only 1 laborer, but after introducing advanced technology, a laborer may do the work of 10. In Ningbo city, Zhejiang Province, there is a port called Beilun port. Since computers are used to control loading and unloading, the port only employs 200 workers. However, they can load and unload 20 million tons of goods a year! Just imagine how many hands would be needed if all this were done by manual work! The situation of Qinhuangdao port is the same. From this we can see spending some money to introduce advanced technology is worth it.

Seeking truth from facts, serving the people wholeheartedly, and self-reliance and hard struggle are the main contents of the Yanan spirit and style. Carrying forward and developing this spirit and style will not only promote our construction of spiritual civilization and be conducive to the fundamental improvement of our party style and social mood, but will also ensure the smooth advance of our construction of socialist modernization as a whole.

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CSO: 4004/2

# A CREATION FOR IDEOLOGICAL AND POLITICAL WORK IN THE NEW PERIOD--ON THE DEVELOPMENT OF THE DISCUSSION ON THE CORRECT ATTITUDE TOWARD SERVICEMAN'S GAINS AND LOSSES

Beijing RED FLAG in Chinese No 18, 16 Sep 86 pp 8-13

[Article by Yu Qiuli [0151 7264 6849]; this is a speech made by Comrade Yu Qiuli on 22 July 1986 at a meeting attended by political department heads of the PLA major units stationed in Beijing and cadres at and above the departmental level of the PLA General Political Department. The speech was somewhat amended by the speaker before being published in this magazine. First paragraph is RED FLAG introduction]

[Text] Editor's note: At present the PLA units are discussing how a serviceman correctly looks upon gains and losses. The discussion is regarded as a concrete and lively education in an outlook on life and in revolutionary ideals and as a focus for ideological and political work during the new period. In his article, Comrade Yu Qiuli elaborates on the objective, significance, content, and methods for the discussion. The principles advocated in the article are of great significance in guiding ideological and political work. For this reason, the magazine recommends it to its readers.

At present, the ideological trend of the army officers is basically good. To fulfill new historical tasks, vast numbers of officers conscientiously study and implement the party's line, principles and policies and go along with what the party Central Committee requires of them politically. Through party rectification and structural reform and reduction-in-strength reorganization, vast numbers of officers have further enhanced political consciousness, stabilized their thinking, and bestirred themselves. They take party spirit and the overall interests into account and observe discipline. In the building of a modern and regular revolutionary army, they keep forging ahead. They successfully led the PLA units to fulfill the tasks of launching self-defense counterattacks, of undergoing structural reform and reduction-in-strength organization, of helping people after natural disasters, and of carrying out military training, logistics work, and scientific research, thus displaying the new mental outlook of our army. However, we must realize that there are a certain number of officers who cannot work contentedly in the army. This is a problem calling for a cautious solution. Of course, we must make a concrete analysis of actual conditions. Although some comrades consider their

personal gains and losses, they can still work conscientiously. For example, whenever they have been called upon by the party and people, they have dashed ahead, heedless of their safety, to go to the front of self-defense counter-attacks and to help tide the people over natural disasters. This has been proved many times. Those who really cannot keep their minds on their work are very few. There are many factors which cause them to fail to work contentedly and what each of them has in mind is also different. Generally speaking, there are problems related to the personnel system and practical work. Some officers have their practical difficulties, but the main problem arises from erroneous thinking, the belief that "they suffer losses because they serve in the army." This year many units discussed the problem of how a serviceman correctly looks upon "gains and losses," and this achieved very good results. The discussion, which made people think, was a very lively and profound education in cultivating ideals. As a result of the discussion, some officers who had been unable to keep their minds on their work now work contentedly, some who voiced exaggerated demands have realized that they are in the wrong, and some who were low-spirited in their work have been inspired with enthusiasm. From these facts, we have come to realize that it is imperative that from now on the whole army should, step by step and in an organized fashion, discuss the problem of how a serviceman should correctly regard gains and losses under the leadership of the party.

According to the experiences of some units, to begin the discussion, we must address the following problems.

I. Have a Good Understanding of the Objective and Meaning of the Discussion

How a revolutionary serviceman correctly looks upon gains and losses concerns everyone in the army. Whether he speaks out or not, he actually answers the question by his actions. The carrying out of this discussion is aimed at establishing a correct concept on gains and losses, helping revolutionary servicemen enhance their sense of glory and responsibility, and whipping up the revolutionary spirit of vast numbers of officers and fighters to dedicate themselves to the cause of national defense through a mass campaign of self-education.

The questions mentioned in this discussion are important in carrying out ideological and political work under new historical conditions. To make a success of the discussion is vital to strengthening ideological and political work in the army. It can not only help strengthen current army building and ensure smooth development in the fields of military, political, and logistical affairs, but also helps derive new experiences in doing ideological and political work during the new period. The great and far-reaching significance of the discussion can be summed up in the following five aspects.

1. This discussion represents an extremely practical and vivid education regarding one's outlook on life and ideals. We often say that if one wants to lead a life of significance and great value, he must foster a correct outlook on life. An important aspect of one's outlook on life is how to look upon personal gains and losses, and the attitude toward personal gains and losses constitutes a major part of one's outlook in life. One's ideal

of exerting oneself for communism must be reflected in one's daily thinking and work. An education on ideals must be linked with the practical thinking and work of officers and men, and only by solving concrete problems will the education achieve good results. If the education teaches only general principles and is too abstract, officers and men will think that the ideals they cherish are not feasible and will find it difficult to attain them. By carrying out this type of discussion, with emphasis on the issue of correctly dealing with servicemen's gains and losses, we will be able to work out more details in carrying out the education on one's outlook on life and ideals.

2. The discussion is an important measure to strengthen grass-roots units. Influenced by the idea that "serving in the army represents a loss," grass-roots units are often discontented in the work. If this issue is not solved, it will be hard to adopt measures, no matter how many and effective they are, to strengthen grass-roots units. Only by enhancing the consciousness of officers and men through discussion will we be able to lay a solid ideological foundation for strengthening grass-roots units.

3. The discussion will open a new path for reforming ideological and political work. Over the past few years, ideological and political work in the army has been strengthened and improved and, generally speaking, the results have been satisfactory. However, it could not be tailored to the development of each situation. The major problems were that theory was not closely integrated with practice and that efforts were made to educate officers and men, but the problems of most concern to them were not solved. However, the discussion which is now going on throughout the army is different from the ideological and political education carried out during the past few years. One of the distinguishing features is that the discussion faces reality, and officers and men are encouraged to discuss and solve questions of the most concern to them. It can be said that this is a tremendous reform in conducting political education.

4. The discussion can help vast numbers of cadres and fighters use and master correct methods in solving inner-party contradictions and those among the people. With regard to the current inner-party contradictions, Comrade Hu Yaobang has pointed out that they can be classified into two types, according to their content and manifestation. One type is represented by contradictions incurred from a difference of opinion at work; and the other consists of contradictions between personal interests and the interests of the party and people. The question of gains and losses is in fact a question for how to correctly deal with contradictions between personal interests and the interests of the party and people. Both inner-party contradictions and those among the people themselves should be ironed out in a democratic way through discussion, criticism, and self-criticism. The discussion on gains and losses is just a new attempt to solve problems this way.

5. The discussion can temper and train cadres. It can not only help cadres enhance their political consciousness but can also help them increase their ability to integrate theory with practice and to analyze and solve problems. Thus they will be able to draw inferences from one instance in correctly

guiding the masses to solve problems arising from erroneous thinking and understanding. In saying that the quality of some of our grass-roots cadres is low, we chiefly mean that when they approach various ideological problems among the masses, they cannot state the reasons clearly or come up with solutions to these problems. This discussion will certainly change such a situation.

II. Aim at Enhancing the Basic Consciousness of Cadres and Fighters

As mentioned above, how to deal with personal gains and losses is involved with one's outlook on life. One's outlook on life determines one's outlook on gains and losses. In solving the problem of cadres who are unable to work contentedly, it is absolutely necessary for us to revise some irrational rules and regulations in cadre work and help them overcome some practical difficulties, but what is of basic importance is to strengthen education in communist ideology and establish a revolutionary outlook on life.

When cadres and fighters complained that serving in the army was a loss in the past, some units only guided them to approach the problem in terms of an increase in their wages and improvement in their living standards. Of course, such a way of approaching the problem can help cadres and fighters to gain a correct understanding of the country's situation and party's policies and to take a realistic attitude toward remuneration to some extent, but this can only be effective for the time being, because the root cause of the ideological problem is not addressed. Our army should not be built on the basis of high pay and rank. If so, ideological problems cannot be solved and, what is more, cadres and fighters will be preoccupied with their personal gains and losses and lose their revolutionary and lofty ideals. We have learned from experience that ideological education should be strengthened, erroneous ideas should be criticized, and personal excessive demands should not be yielded to. Otherwise, ideological problems cannot be solved and individualist ideas will run wild. In the course of carrying out the discussion on personal gains and losses, we must educate cadres and fighters with patriotic and communist ideas and pay attention to raising their basic awareness. This is the starting point and foothold for the discussion. For this purpose, we should lead them to study, answer and solve the following questions:

1. From what standpoint and angle should we assess gains and losses? Views on this question vary, depending on standpoint and perspective, and can turn out to be entirely contradictory. If we make assessments from an individualist standpoint and angle, we will feel that we have lost more than we gained, and even though we have gained much more, we will still not be satisfied. If we make assessments from the angle of the party, state and people's interests, we will see that it is due only to the mighty PLA that guarantees the security of the motherland, the smooth development of our socialist modernization program, and the happy life of our people. It is the greatest honor to join such a people's army, to serve and fight in this army, and to enjoy the trust, love and support of the people. To the individual, this is also of great significance. For our motherland's security and the happiness of the people at large, it is glorious and worthwhile for us to give up some

of our interests and even to dedicate our lives. In addition to this, joining the army and defending our motherland is the sacred and binding duty of every citizen. "Every man has a share of responsibility for the fate of his country." This is a cardinal patriotic principle, known to all the people of our country for a long time. As Communist Party members and revolutionary servicemen, we must understand this principle better than others. The assessment of personal gains and losses should be subject to this cardinal principle.

2. What is the Communist Party member's view of gains and losses? Comrade Hu Yaobang has pointed out: "Communist Party members can prove themselves to be advanced elements of the proletariat just by placing the party and people's interests over their personal interests at all times and by voluntarily sacrificing private interests for the party and people's interests, if needed." This is the correct view of gains and losses that all our party members should have. Some of our party members put forward arguments of one kind or another, alleging that it is a loss to do this or that. In essence, these party members forget that they are advanced elements of the proletariat, and that the Communist Party's sole purpose is to serve the people wholeheartedly. Some Communist Party members have even become profit-minded and regard themselves as commodities. They are avaricious and seek ease and comfort. If they are like this, how can they be qualified party members and revolutionary armymen? During the discussion on gains and losses, all party members must think over and discuss why they joined the party, how they can be qualified party members, how they can play an exemplary role, and whether they bind themselves by the oath of admission they took in front of the party flag. They must be taught that necessary sacrifices should be made for the great cause of communism. In the battlefield, Communist Party members should be the first to charge forward and the last to retreat; in peacetime, they should be the first to bear hardships and the last to enjoy comforts. Communist Party members are called advanced elements only because they can subordinate their personal interests to the interests of their motherland, the people, and society. People support the Communist Party and respect its members just because our party works for the public interest. Communist Party members should work wholeheartedly for the interests of the people and should not seek personal gains. Otherwise, why should the working class and the masses of the people need Communist Party members to work for their interests?

3. What should be compared, and with whom should comparison be made? Some comrades think that they suffer losses. The stand and viewpoints of these comrades are wrong because they cannot correctly handle the relationship between personal interests and the interests of the party and the people, and because their way of making comparisons is not correct. They often compare their living conditions and income with others', and do not compare contribution, plain living and hard work. They compare themselves with those who earn more money, those who hold higher positions, and those who lead a comfortable life. If they only make comparison this way, these comrades certainly will find that they have suffered losses and that the party and the people owe them something. Both in the natural world and in the society of mankind, things all exist in comparison. Making comparisons is an important way for us to understand things, and knowledge originates in comparison.

However, to achieve it, we must adopt a correct attitude. Personal gains and losses can be compared, but we must first know what should be compared and with whom comparisons should be made. I think we should compare what we do with the deeds of revolutionary martyrs. For the liberation of the Chinese people, some of our revolutionary martyrs gave their lives without attracting public attention. Some worked hard throughout their lives without getting a penny of pay, and some passed away before they could enjoy a single day of a happy socialist life. I think we should compare what we do with comrades-in-arms on the Yunnan and Guangxi frontlines. For the security of the motherland, they squat down in small trenches and fight bravely in the battlefield. I think we should compare what we do with model heroes and advanced individuals who attach primary importance to the people's interests and revolutionary work and give no thought to personal gains or losses. Regarding living conditions and income, we should compare ourselves to the broad masses of workers and peasants. We are the people's own army. Our living conditions should not be different from those of the broad masses of the people and should not be separated from the level of our country's economic development, but should improve along with the development of economic construction and in line with the people's living standards. Some PLA units are stationed on frontiers, islands, and highlands, where conditions are hard. Leaders should therefore take good care of them and help them overcome their difficulties. However, does this mean that only these PLA units bear hardships? No. Steel workers, coal miners, oil workers, members of geological prospecting teams, and sailors all work under hard conditions. If everyone wanted to do light work and live in comfort and didn't want to bear hardships or work hard, would we be able to build socialism successfully? Military cadres are beset by the housing problem. Civilians are also confronted with this vexatious problem. In fact, the housing problem in our country can only be solved, step by step, along with the development of our national economy. It must be noted that since the 3d Plenary Session of the 11th CPC Central Committee, the party and the government have made tremendous efforts to repeatedly readjust wages and reform many systems in the army. As a result, the living conditions and income of military cadres have improved substantially and the material and cultural life of PLA men has also improved. Thinking and making comparisons in this way, we shall see that the party, state and people are really showing deep concern about the army, and that the issue is not that we have suffered losses, but that our contributions are still too small. Doing this will stimulate us to work still harder to make more contributions to the people.

The aforementioned problems will all be approached in the discussion being conducted at this time. In tackling these problems and some similar ones, we should not confine ourselves merely to the facts as they are. This will not help us smooth them out. We must first take the theory of Marxism as a guide in the study of the basic works of Marx and the relevant documents issued by the party Central Committee and the Central Military Commission so as to understand and come to grips with some basic tenets of Marxism-Leninism-Mao Zedong Thought. Only by doing this will we be able to understand all problems from the high plane of the proletarian world outlook and Marxist principles, to strengthen our conviction in communism, to raise the level of our political consciousness in fighting for the cause of communism,

to have a correct way of thinking, and to look at and analyze things, from all sides and dialectically, and not one-sidedly or blindly.

III. Have Faith in the Masses, Encourage Cadres and Soldiers To Speak Out on What Is Really on Their Minds

Our party always has faith in the masses, respects the masses, and relies on the masses. Comrade Deng Xiaoping said: "The source of our strength lies in the masses; the mass line and the mass viewpoint are our precious heritages." In the past, we relied on the mass line in our revolution. At present, in the modernization drive, we must also rely on the mass line. The mass line is also the fundamental line in doing ideological and political work in the army. A prerequisite for mobilizing the masses to discuss the question concerning gains and losses is that we must have faith in the broad masses of people. We must believe that they can accept the truth, uphold the truth, and that they are capable of solving their own problems. Therefore, the current discussion is a concrete and vivid example of relying on the masses in carrying out ideological and political work and self-education.

We must have faith in the basic consciousness of the masses. At the beginning of the discussion, some units were afraid that a lot of questions might be raised that could not be settled, and that the discussion might have a rough ending. Such worries are not necessary. Judging from the situation of those units which have started the discussion, the great majority of comrades are discussing the questions in a reasonable way. Keeping to the stand of the party and the people, they hold objective views on and are taking a correct approach to the questions concerning the gains and losses of the servicemen. Various confused ideas of some comrades have been clarified step by step in the course of discussion, through study, thought, and mutual help.

We must also have faith in the wisdom of the masses and believe that they are able to master the truth. Leaders may feel that some questions are difficult to explain clearly, but when they are discussed by the masses, a comparatively correct and convincing conclusion can usually be drawn on the basis of the collective wisdom. Some people have said that being a serviceman means a great loss. When they said this, they made it appear quite reasonable and logical. But when it was discussed by the masses, they were soon convinced after the facts had been presented and things reasoned out. Through discussion not only will the people's consciousness be raised, but also the atmosphere of ideological and political work will be enlivened.

We must realize that there are advanced models and good examples among the masses. In every unit there are outstanding party members, league members, and outstanding cadres and soldiers. They give no thought to personal gain or fame and are working hard with all heart and soul for the revolution. They have a sound understanding of the question concerning gains and losses of the servicemen, and what they have said and done are really convincing. In the course of discussion, it is necessary to bring their roles into full play.

Making the cadres and soldiers speak out on what is really on their minds is the basis for a successful discussion. Only when everyone speaks out what is on his mind can we discover the roots of the problems and make a clear distinction between right and wrong. The more we bring the problems out into the open, the more deeply our discussion will develop, and the better the results will be in solving the problems.

In order to make everyone speak out what is on his mind, it is necessary to create a democratic atmosphere. In a speech made in 1978, Comrade Deng Xiaoping pointed out: "We must create the conditions for the practice of democracy, and for this it is essential to reaffirm the principle of 'three do nots': Do not pick on others for their faults, do not put labels on people, and do not use a big stick." This is an important principle that should be followed in this discussion. We must let cadres and soldiers exchange their views calmly and dispassionately and help each other through the exchange of views so that they can achieve common progress. The navy has summed it up, saying: "Let us all bring problems out into the open, find the answers, make a distinction between right and wrong, and talk about our achievements." During the discussion some comrades may air incorrect views and some of their opinions may be very sharp. This is nothing to be afraid of. Provided we have faith in the masses and rely on the masses, adopted the methods of persuasion and education, and convince people by reasoning, all kinds of ideological problems will surely be solved. We must never raise the problems to an ever higher plane of principle and try to convince people by coercion. "We must firmly put a stop to bad practices such as attacking and trying to silence people who make critical comments--especially sharp ones--by ferreting out their political backgrounds, tracing political rumors to them, and opening 'special case' files on them." ("Selected Works of Deng Xiaoping," p 135)

In order to make everyone speak out on what is on his mind, the cadres, especially the leading cadres, must set a good example in this respect. There are also incorrect ideas among the cadres. They must place themselves among the masses and bring their views out into the open and must join the soldiers in the discussion and study. Our officers and soldiers must teach each other and learn from e h other. This is a good army tradition. It will not affect the prestige of the cadres but will make them more trusted and respected by the soldiers. It will also help improve the relationship between the upper levels and the lower levels and between officers and soldiers. It is conducive to encouraging people to say what is on their minds and to making our discussion more lively.

IV. It Is Necessary To Strengthen Leadership

The broad masses of cadres and soldiers will be involved in this discussion. Therefore, we must have a high sense of principle. The party committees and political organs at all levels must attach great importance to it and exercise correct leadership in accordance with the characteristics and laws of democratic discussion. Before the discussion begins, they must make a profound study, make clear the aims, significance, contents, and methods of the discussion, and make all necessary preparations for it. In any case, we must not start the discussion in haste.

Leaders at all levels must conscientiously overcome the superficial style of work, which is the main reason for the long-term existence of some problems in certain units. If the leaders do not go deep into the grass roots, they will be unable to discover problems, let alone solve problems. In this connection, I would like to emphasize that we must never regard this style of work as a minor defect which does not matter much or take an indifferent attitude toward it. The superficial style of work is an expression of being irresponsible and lacking a spirit of dedication and hard work. Strictly speaking, it is also an expression of impurity in party spirit. Quite a few problems in our army, such as doing superficial work and practicing fraud, were actually the results of this style of work. During the discussion, the leaders at all levels must go deep into the grass roots, set a good example for the masses, and offer effective guidance. They must constantly analyze the ideological situation of the army and give timely and correct guidance. They must also proceed from the reality of their own units and sum up several questions for the masses to discuss, so as to pool correct ideas on the basis of democratic discussion. In analyzing and criticizing some incorrect viewpoints, which have been widely spread throughout the army, we must direct our criticisms toward the facts rather than at persons. As to some knotty problems, we must give the masses some guidance so that their consciousness may be raised. For those comrades who have confused ideas, we must let them learn something from the discussion and must also have heart-to-heart talks with them. If their problems cannot be solved very quickly, we must wait patiently, because there should be a process of recognition. Only in this way can we ensure the healthy development of the discussion.

It is necessary to link the discussion on the question of gains and losses with our efforts to rectify the party style and improve work. If it necessary to conscientiously analyze and study the problems exposed during the discussion. If they concern the leadership style, we must correct them as soon as possible. If they concern the difficulties of the cadres and soldiers, we must try our best to help them solve these difficulties, if they should be solved and the conditions and the conditions allow. If their difficulties cannot be solved for the time being, we must patiently and sincerely explain the reasons for them. We must never remain indifferent when our cadres and soldiers are in difficulty merely in order to emphasize the correct attitude toward personal gains and losses. We must adhere to the principle of seeking truth from facts and must not put forth improper slogans that can never be realized. The leading comrades must care for the masses and enthusiastically help the lower level units solve practical problems, so that everyone can feel the warmth of the organization. This is also a kind of education which can help our cadres and soldiers accept the truth more conscientiously and take the interests of the whole into consideration.

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POETIC EXCELLENCE OF HIS TIME--READING 'SELECTED POEMS BY MAO ZEDONG'

Beijing RED FLAG in Chinese No 18, 16 Sep 86 pp 14-16

[Article by Liu Baiyu [0491 4101 5038]]

[Text] A new edition of Comrade Mao Zedong's poems was published by the People's Publishing House in commemoration of the 10th anniversary of his death. Compared with the 1976 edition, 11 unpublished poems are included in the new edition, and it has a collection of 50 poems all told. Now we can have a whole picture of his poetic creation, with all the precious gems included. This is an important contribution to the research on Mao Zedong Thought on literature and art, and his artistic creation as well as the socialist science of literature and art.

It is universally acknowledged that Comrade Mao Zedong was a great thinker, a great politician, a great strategist, and a great poet. The place and role of this great poet in Chinese literature are still a topic worthy of in-depth exploration. True, I think, this is a task for theoretists, but more so for writers. Mao Zedong's poems are as profound in meaning as rich and beautiful in form. He created a new style from which writers may draw boundless artistic strength.

When we generally talk of Mao Zedong Thought on literature and art, we refer mainly to his theory on literature and art. We do not quite understand that the correctness of his theory rests precisely in the crystallization and the generalization of his artistic and creative practice. When we study his poems through study of his theory and vice versa, we will understand the profound implication of Mao Zedong Thought on literature and art and the great charm of his literary and artistic writings. Only then will it be possible to understand his outstanding contributions to Marxist aestheticism. Over the years, I have repeatedly recited Comrade Mao Zedong's poems. Once, when reading the introduction to "Farewell to the God of Plague," I suddenly came to understand the channel of Comrade Mao Zedong's creative writing. The introduction reads: "I read in the RENMIN RIBAO of 30 June 1958 that schistosomiasis had been wiped out in Yujiang County." Of course, this is just a factual statement, but the fact is that such a statement deeply touched the poet's soul and thus "thoughts thronged my mind and I could not sleep." That was how all kinds of images came one after one another through the rich imagination and fantasy of the poet. It was in such a process that

the poet's emotion was linked with actual life and a strong urge for poetic creation was stirred. His inspiration was eventually sparked off after conception all night, and "in the warm morning breeze next day, as sunlight falls on my window," "I look towards the distant southern sky and in my happiness pen the following lines." Here, the permeation, changes, and merger of logical and imagery thinking are explained, and it is precisely with his own experiences that the poet created the beauty in this poem. Thus, we find such extraordinary ideas and beautiful lines as "Motionless, by earth I travel eighty thousand li a day. Surveying the sky I see a myriad Milky Ways from afar," and "Crimsion rains swirls in waves under our will. Green mountains turn to bridges at our wish," which rank as a poetic masterpiece through the ages. Looking at the poem "Farewell to the God of Plague," we find Comrade Mao Zedong's poems were mostly written with genuine feelings coming straight from his heart. The first poem included in the new edition, "To the Tune of He Xin Lang" is self-evident, in which he expressed his emotion on bidding farewell to Yang Kaihui; this is also the case with his other poems. For example, the poem "Yellow Crane Tower--to the Tune of Pu Sa Man." The background was explicitly written in the poet's own note: "It was on the eve of the failure of the great revolution. I found myself rather depressed and did not know what to do for a time." In the poem "Hui Chang--to the Tune of Qing Ping Yue," the poet appended his own note: "The situation in 1934 was dangerous and pressing, and we were ready to begin the Long March; again, I was feeling rather gloomy. This poem 'to the tune of Qing Ping Yue,' reflects the same mood as the one 'to the tune of Pu Sa Man' listed above." Such dreariness and gloom, explained in his own notes--how brilliantly they were put! Was it not just such a "mood" that sparked off his passion, ignited his inspiration, and became the link of his creation? This precisely affords no ground for oversimplified and generalized practice in the creation of writing. A true poet will lay bare his hat to others, and it is precisely with such genuine sincerity that the readers' heartstrings are touched.

However, even in his dreariness and gloom, the style in Comrade Mao Zedong's poems remained profound and progressive. For example, such lines as "I pledge my wine to the surging torrent. The tide of my heart swells with the waves" are free of the flaws of being despondent and crestfallen. I believe such lyrical as well as militant style is precisely where the artistic charm of Comrade Mao Zedong lies. For example, "Unlike spring's splendor, yet surpassing spring's splendor. See the endless expanse of frosty sky and water" and "To the mountain, the foot of the mountain. Red flags stream in the wind in a blaze of glory." These are as subtle and restrained as natural and flowing with ease, and one can find their lingering charm, reciting those poems. All this has formed into lofty beauty in the poems of Comrade Mao Zedong.

Here I would like to deal further with the sweep and grandeur in the poems of Comrade Mao Zedong. Wang Guowei [a late Qing scholar] classified poets into two categories, the objective and the subjective. I do not quite agree with his view. The poems of Comrade Mao Zedong have precisely proved that on the basis of starting from the objective conditions, the poet's creative writing was filled with subjective initiative. The quotations above prove

this point. As another example, we have the poem "Loushan Pass--to the Tune of Yi Qin E," in which the poet wrote the following note: "We experienced many hardships and setbacks on the Long March; there were far more difficulties than easy progress, and I was in a gloomy mood. But when we passed Minshan, the prospects turned bright, and the situation was completely reversed. The following poems reflect the same mood." True, with the changes in objective conditions, his mood also changed; and we read boldness and a heroic spirit between the lines. For example,

"Minshan's thousand li of snow joyously crossed,
The three armies marched on, each face glowing"; and

"High on the crest of Mount Lupan
Red banners wave free in the west wind.
Today we hold the long cord in our hands,
When shall we bind fast the gray dragon?"

Likewise, they became the key tone in Comrade Mao Zedong's poems, just as those written earlier in the Central Soviet Region. For example, "To the Internationale's stirring strains, A wild whirlwind swoops from the sky" and "In fifteen days we have marched seven hundred li, Crossing misty Gan waters and green Fujian hills." This is because Comrade Mao Zedong had the great insight and boldness of vision of a great thinker, a great politician, and a great strategist. He said that he often composed his poems on horseback, and this process of "stringing a series of associations in the mind" was exactly the process of the poet starting from the objective senses, pouring his heart and soul into his creation, and turning out superb artistic works in perfection. Therefore, such poems are those of a poet with a unique style to which others could not hold a candle. Many of Comrade Mao Zedong's poems carry an awful grandeur and the momentum of an avalanche, but by no means were they written roughly, carelessly, or unconventionally. This style had a lofty quality, which, to my mind, could compete with the poets of the Tang Dynasty, who showed characteristic purity, honesty, gloom, and power in their poems.

Quite a few poems of Comrade Mao Zedong on war, such as "Jinggangshan--to the Tune of Xi Jiang Hu" and "The People's Liberation Army Captures Nanjing--a Lu Shi" are the most beautiful gems in China's treasure house of literature on martial themes, and their artistic power is inexhausible. Here I would like to deal with the issue of atmosphere. Wang Guowei once said: "Li Bai was a master in bringing out the atmosphere in his poems. For instance, 'The west wind howls in the setting sun, that shines on the ruins of Han mausoleums and palaces.' This line is unique in bringing out the desolate atmosphere with just a few words. In later generations, only Fan Wenzheng's 'Yu Jia Ao,' and Xia Yinggong's 'Xi Qian Ying' can be regarded as masterpieces in this respect, but Li Bai's attainment was beyond compare." I believe Comrade Mao Zedong's line, "The rolling hills sea-blue, the dying sun blood-red" has such strong atmosphere that it stands unique in the history of Chinese poetry. Poems with such momentum must be written by a poet possessing the same breadth of spirit. Goethe put it well: "If a great dramatic poet possesses talents for creation as well as inherent strong

passion and lofty ideas, which permeate all his works, then, the soul embodied in his plays will become the soul of the nation. I believe this is an undertaking worth our efforts. Pierre Corneille played the role of nurturing heroic character." It is indeed true that reading the 50 poems and epics, we found the soaring soul of the Chinese nation, which fill all the lines. The purity, honesty, profundity, and power in these poems derived from the strong and noble sentiment of the poet. This is exactly why his poems glow with light and truth and are capable of nurturing heroic character. Our contemporary writers have created rich and colorful works, which are marvelous and beautiful. That is fine. But of all the attainments of the writer, the most important is his attainment as a man. If he fails to work hard in this respect, he will not be able to stir people's souls and help form their characters with his poetry, no matter what new approaches he has taken; and he is very far away from the lofty purport of our socialist literature.

I would like to deal further with the spirit of romanticism in Comrade Mao Zedong's poems. It is said that Comrade Mao Zedong was fond of "the three Lis"--Li Bai, Li Changji, and Li Shangyin. I believe that was not without grounds. One often feels the spirit of romanticism, and sees the sparks of romanticism, in Comrade Mao Zedong's poems. For example, such lines as:

"Motionless, by earth I travel eighty thousand lie a day,
Surveying the sky I see a myriad Milky Ways from afar";

"Cold-eyed I survey the world beyond the seas,
A hot wind spatters raindrops on the sky-brooded waters"; and

"Chill waves sweep through steep skies,
Yet earth's gentle breath grows warm."

Again, the poems "Kunlun--to the Tune of Nien Nu Jiao," and "Snow--to the Tune of Qin Yuan Chun"... This is really like some fairy traveling far and wide, with his attention turning to all directions, or reaching the highest peak of a mountain ridge, with thousands of hills bowing to him from below. Chinese literature has always had its tradition in realism as well as romanticism. In the long river of romanticism since Qu Yuan and Li Bai, wonderful ideas have emerged one after another, with outstanding breadth of vision; are they not the precious tradition for us to inherit? I make so bold to say: Our literature today is in want of romanticism! Sobriety is of course a style, but if sobriety develops into indifference and despondency, how can it be helpful to anybody and the world? In face of a life which is seething with excitement, do we have no need of fiery passion and heroism? We must see that truth and lofty ideal always melt in the same furnace in the heart of a great poet. A writer without lofty ideal can only be a craftsmen of writing at best, and is unlikely to accomplish beauty and culture in his works. The poems of Comrade Mao Zedong remind me that the method of linking revolutionary realism with revolutionary romanticism in literary creation, which Comrade Mao Zedong advocated himself, precisely derives from generalizing the tradition of Chinese literature and his own practice in writing. It is precisely by converting the origin of romanticism and blazing new trails that made the strong artistic effects of the poem

"Dapodi--to the Tune of Pu Sa Man" possible. The battle of Dapodi was one of life or death. When the battle finally ended in victory, the Red Army men all rushed to the battlefield to get their trophies of guns, and Comrade Mao Zedong also got several of them. It was precisely under such actual conditions of war in utmost hardship that when Comrade Mao Zedong visited Dapodi a second time, the sight struck a chord in his heart, and he wrote such realistic lines as:

"A furious battle once raged here,
The village walls, bullet-scarred,
Now adorn hill and pass
And make them doubly fair."

But the poet was in an exalted mood and composed such rich and strikingly beautiful lines in the same poem: "Red, orange, yellow, blue, indigo, violet--Who is dancing, waving this colored ribbon against the sky? The sun returns slanting after the rain, And hill and pass grow a deeper blue."

Without such romanticism, the poem would have been void of its soul. As to the well-known "Reply to Li Shuyi--to the Tune of Die Lian Hua," it is all the more the rare gem of romanticism.

Finally, I would like to deal with the artisitic beauty of the poems of Comrade Mao Zedong. Poetic flavor is expressed only through exquisitely beautiful artistic form. In this sense, we can say that beauty is the life of poetry. Regarding poems, whether it is the graceful and restrained school or the bold and unconstrained school, the beauty of their poetic language is beyond description; therefore, people just love to read them, and these poems have spread far and wide. For example, Yan Tongshu's lines:

"The west wind last night withered all the green trees;
Alone, I climb to the top of the tower,
To find the road stretching to the far end of the world";

As well as Su Dongbo's lines:

"Scattered stones are thrown into the sky,
Terrifying waves tear the shore apart,
With a thousand piles of snow swept up."

Comrade Mao Zedong had taken in the advantages of all schools, and established a style of his own. His poems portray all the beauty of nature and the human world. His choice of words and the composition of his lines are ingenious. Take for example, the poem "Loushan Pass--to the Tune of Yi Qin E":

"Fierce the west wind,
Wild geese cry under the frosty morning moon.
Under the frosty morning moon
Horses' hooves clattering,
Bugles sobbing low."

The images are beautiful, and the meaning profound. We enjoy seeing the color and simultaneously listening to the sound. One finds the situation coming back to life while reading it, and cannot help being intoxicated by the beauty. He had a perfect mastery of antithesis. For example,

"Gleaming mattocks fall on the Five Ridges heaven-high,
Mighty arms move to rock the earth round the Triple River";

"The red flag roused the serf, halberd in hand,
While the despot's black talons held his whip aloft";

"Clouds cluster over the nine streams, the yellow crane floating,
And billows roll on to the eastern coast, white foam flying";

"Once they speckled the bamboo with their profuse tears,
Now they are robed in rose-red clouds"; and

"The wind raves over the oasis, pushing the waves afar,
The rain ascends the hill from the open field."

Both the artistic form and concept are beautiful, and they have attained perfection. Literature, the fine arts, and music conquer people with beauty, and it is through enjoying beauty that the readers are nurtured aesthetically. This is a very important point in studying the poems of Comrade Mao Zedong. This is because in following the example of Comrade Mao Zedong in literary creation, if we should pursue such genuine feelings, breadth of vision, and spirit of romanticism as his without exerting efforts to seek the compactness and perfection of artistic beauty that he accomplished, our art would lack powerful effects in touching people's souls. The reason I want to stress this point is that some people have refused to acknowledge the artistic value of proletarian revolutionary literature and art for their lack of artistic beauty; it seems to them only bourgeois art is genuine art. True, we should absorb the quintessence in the tradition of Chinese literature as well as that of foreign tradition, but we should base ourselves on the determination to create our own excellent art of the Chinese nation. The poems of Comrade Mao Zedong have exactly set us an example in this respect. This requires our unremitting efforts and arduous pursuit, in order that China's socialist literature may reach the summit of artistic beauty.

In short, Mao Zedong's thinking on literature and art and his creative practice were merged into one. It would be very wrong if anybody said that "Talks at the Yanan Forum on Literature and Art" is mere theoretical preaching. Please read the two paragraphs in the thesis in question beginning with "What is the source of all literature and art?" I believe that was one of the major contributions Comrade Mao Zedong made to the treasury of Marxism, by summing up Marxist theory on literature and art, while developing it with originality, thus enriching Marxist aestheticism. The reason he was able to make such a highly precise and profound generalization lies in his rich and profound experiences in the practice of literary creation, in addition to the guiding ideas of dialectical materialism. We should not let his status as a great thinker, a great politician, and a great strategist

outshine his status as a great poet. His poems, whether lyrical, laying bare his heart, and heartbreaking in all their sincerity, or heroic, intense, and fascinating are all contained in the entity of artistic perfection. In order to study the artistic creation of Comrade Mao Zedong, we should do a better job in applying his artistic achievements to improving the artistic quality of socialist literature.

A poem by Zhao Ouvei reads: "Outstanding talents have continuously emerged on this land of ours, Each of their poetic excellence remains influential for several hundred years."

Comrade Mao Zedong was precisely the leading poetic excellence of his time. Let us commemorate and learn from him.

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CSO: 4004/2

## GUIDE INTELLECTUALS SO THAT THEY PERSIST IN EMBARKING ON THE PATH OF HEALTHY GROWTH

Beijing RED FLAG in Chinese No 18, 16 Sep 86 pp 17-23

[Contributing commentator's article]

[Text] Under the circumstances in which the party has put on the right track the policies toward intellectuals and the status and roles of intellectuals in socialist construction have been acknowledged by most comrades throughout the party, how we guide intellectuals so that they persist in embarking on the path of healthy growth has become very important. To solve this problem well in both theory and practice is beneficial not only to helping intellectuals further understand their historical responsibility and the direction of their progress so that they can give play to their ability and wisdom in a more effective way, but also to reliably guaranteeing the success in materializing the general tasks and objectives of the party and state in the new period under a condition of continuous growth of the new type of mental laborers contingent.

### I

Comrade Deng Xiaoping points out: "The whole party and society should truly respect knowledge and give play to the roles of intellectuals. In such a way, we will certainly be able to gradually realize modernization." ("Building Socialism With Chinese Characteristics," p 43) Historical experiences have fully proved that we needed knowledge and intellectuals in order to overthrow the old world, and that we need knowledge and intellectuals more urgently in order to build a new world. It is appropriate to say that in a country such as ours, which was economically and culturally backward, whether we can master modern science, culture, and knowledge is a key to our success in construction. In the face of the new historical task, we should understand the importance of knowledge from a strategic plane, properly resolve the problems of intellectuals, and enthusiastically help and guide intellectuals so that they continue to follow the correct path of healthy growth and give play to their own strong points.

Since its birth, our party has accumulated a wealth of both positive and negative experiences regarding the problems of intellectuals. Reviewing the history of the past 50 years or so, we know that the party has passed through five stages in this regard.

The first stage covered a period from 1921 to 1927. Revolutionary intellectuals with preliminary communist ideology represented by Li Dazhao, Chen Duxiu, Mao Zedong, Zhou Enlai, and so on embarked on the brilliant path of 4 May movement, went into the midst of workers to spread Marxism, and carried out propaganda and organizational work to arouse the masses. They began integrating Marxism with the Chinese workers' movement, and set off an upsurge of the revolutionary movement. This process demonstrated that once advanced intellectuals integrate themselves with the practice of millions upon millions of workers and peasants to strive for their liberation they will play a very important role of a bridge in the rise of the revolution.

The second stage covered a period from 1928 to the Zunyi meeting in 1935. After the failure of the great revolution, the CPC Central Committee held a 7 August meeting to draw a lesson from the failure of the great revolution, completely end the rule of the right-deviationist capitulationism headed by Chen Duxiu, and define the general guiding principle of the agrarian revolution and armed resistance to the KMT revolutionaries. However, the party lacked profound understanding of the reasons for the failure of the great revolution because it was still in its infancy. At that time, there was a view prevalent inside the party that attributed the failure of the great revolution to some eminent intellectuals. Therefore, some people lopsidedly emphasized workers' class origin in the central leading organs and excluded and attacked intellectuals who devoted themselves to the proletarian revolutionary cause. Under the guidance of such thinking, some people inside the party blindly promoted cadres of worker's origin and expelled a great number of intellectuals. Zhang Guotao was a typical example. Although he was an intellectual himself, he excluded and attacked intellectuals by hook or by crook. Wang Ming, who claimed to be 100 percent Marxist, adopted a "leftist" policy toward intellectuals. This brought a great loss to the revolution.

The third stage covered a period from 1936 to 1956. The Zunyi meeting ended the rule of Wang Ming's "left"-deviationist adventurism in the CPC Central Committee and established a correct leadership headed by Comrade Mao Zedong in the new Central Committee. Some 20 years after that, although the "leftist" influence still caused trouble from time to time, the party policy toward intellectuals was correct as a whole. In 1939, the party Central Committee made a decision on "recruiting large numbers of intellectuals." This brilliant document, which was guided by Marxism, made a penetrating analysis of the important position of intellectuals in the revolution and the reasons for the negligence, or even expulsion from, intellectuals by the party, and formulated a strategic policy of boldly recruiting and using intellectuals. During this period, Comrade Mao Zedong took the lead in respecting and taking good care of intellectuals. At the same time, he raised a slogan of "making intellectuals become workers and peasants, and making workers and peasants become intellectuals" in light of the conditions at that time. He urged intellectuals to stick to the correct political orientation and the style of hard work and plain living, and encouraged them to strengthen their self-reform and establish a proletarian world outlook. After the founding of the People's Republic, our party implemented a policy of unity, education, and transformation toward intellectuals. This policy, which was aimed mainly at dealing with intellectuals coming from the old

society, played a positive role in educating and helping these intellectuals study again and reform their world outlook to meet the demand of new China. In 1956, the CPC Central Committee held a work meeting on intellectuals in accordance with a proposal raised by Comrade Mao Zedong. Comrade Zhou Enlai delivered a "Report on the Problems of Intellectuals," systematically expounding on the relations between intellectuals and the work of speeding up socialist construction, and discussing the status and roles of intellectuals in socialist construction. He pointed out, for the first time, that most intellectuals in our country had become part of the working class, and issued a great call of "marching toward sciences." Under the guidance of the party's correct policy, we not only recruited a large number of intellectuals from the old society, but also brought up intellectuals of the new generation one group after another. All this promoted a great development of our scientific, educational, and cultural undertakings unprecedented in Chinese history.

The fourth stage covered a period from 1957 to 1976. During the first 10 years, due to the fact that "leftist" deviations occurred in the party's guiding thought, the party policy toward intellectuals began to deviate from the correct orientation and the work for the intellectuals followed a tortuous course. This was mainly manifested in looking down upon and discriminating against intellectuals and framing cases against them in order to expel and persecute them. A great number of intellectuals was wronged for a long time. During the period of the "Great Cultural Revolution," which lasted 10 years, such wrong trends developed to a point of absolute absurdity. The broad masses of intellectuals were slandered as the "stinking ninth," and those with special skills and professional knowledge as "reactionary authority." It was lopsidedly stressed that intellectuals should learn from workers and peasants, but the necessity of workers and peasants learning from intellectuals was never mentioned. An antithesis between workers and peasants and intellectuals was artificially developed. The practice of valuing and taking good care of intellectuals was regarded as "pursuing revisionism" and "endangering the party and the state." Ruining intellectuals became an important component of the 10-year catastrophe.

The fifth stage covers a period from 1977 to the present. It is a period in which the party has done its work for intellectuals in the best way. In particular, after the convening of the 3d Plenary Session of the 11th CPC Central Committee, our country has entered a new historical period of development. In an overall process of bringing order out of chaos with regard to guiding thinking and practical work, our party also carried out a series of effective work of turning chaos into order with regard to the problems of intellectuals, fully affirmed the important status and roles of intellectuals in socialist cause, made a series of important policies on training intellectuals, implementing policies toward intellectuals in all fields, and enhanced their social positions. Although the "leftist" influence has not yet been completely eradicated, the state of affairs of despising and discriminating against intellectuals has been greatly changed. The broad masses of intellectuals have ease of mind, work hard, make important contributions to the four modernizations program and all-round reform, and integrate themselves with millions upon millions of workers and peasants on a new basis. Their

hearts are linked with those of workers and peasants, and they advance shoulder to shoulder in striving for realization of their common goals.

We may come to three basic conclusions based on reviewing history and drawing a lesson from the problems of how our party treats intellectuals: 1) Intellectuals need the party and vice versa. Without party leadership, intellectuals will lose their way and have no prospects. Without active participation of intellectuals, our party's cause can never be successful. This happened during the war years. This is also the case when our party has become a ruling party. 2) Whether our party can properly resolve the problems of intellectuals is a key to determining whether our party's line is correct. When our party's political, ideological, and organizational line is correct, it also has a correct policy toward intellectuals, and intellectuals grow rapidly and make great contributions to society. Our party's cause will progress and develop. When the party's line is wrong, the policy toward intellectuals will depart from the correct track, and the party will implement a wrong policy which adversely affects the healthy growth of intellectuals and brings setbacks to the party's cause. 3) The fate of intellectuals is always linked with the fate of the party, the state, and the people. In old China the people were ruthlessly oppressed by the "three big mountains." Only a handful of intellectuals opposed the people and were dead set on working for the reactionary ruling clique. Most intellectuals suffered a lot, and a great number of them sympathized with, or participated in, the people's revolution. Today our party is flourishing, and our country is growing more and more prosperous. All this has created a good environment, so that intellectuals can utilize their wisdom and ability. The healthy growth of intellectuals cannot be separated from such an environment. Intellectuals should value above everything else and fully utilize the excellent conditions provided by such a good environment, and participate in the practice and activities of millions upon millions of people of carrying out socialist modernization. Only thus can they make greater contributions to the prosperity and development of our country and nation.

## II

Our country now has a grand contingent of intellectuals equipped with professional knowledge of different sciences. Like workers and peasants, members of this contingent are rallying forces of our socialist undertakings. History has entrusted them, who are always at the forefront of science, with the most arduous, greatest, and most glorious mission. Therefore, it is of particular significance that intellectuals continue to develop in a healthy way. It is a responsibility which intellectuals should clearly understand and shoulder. This is also our party's historical responsibility. At present, if we still fail to clearly understand this problem, or fail to take a clear-cut stand to solve it correctly, we will not be able to perform the important mission entrusted by history, or even commit historical mistakes.

What is the correct path for the growth of intellectuals? According to historical experiences, the correct path intellectuals should take to ensure

their healthy growth is: They should stick to the political orientation of loving the motherland and socialism; they should uphold the principle of integrating theory with practice; and they should persist in integrating with the broad masses of people. During the new historical period, to stick to this correct path, intellectuals should solve well the following problems:

1. They should closely combine their personal prospects with the prospects of the nation and the fate of the state. Only socialism can save China. This is a historical conclusion drawn by people of various nationalities in China on the basis of their experience of struggle which lasted more than 100 years. Only by adhering to the socialist road and realizing the four modernizations can our country become powerful and our people rich. Intellectuals, as part of the working class of a socialist country, should, first of all, love their socialist motherland, assume their historical duties of building socialism, always think of the prospects and fate of the state and nation, and contribute their wisdom and ability to the great cause of four modernizations. The modernization program has provided intellectuals with a broad place to display their prowess and has set a new and higher demand on them. To keep abreast with the new situation, which is changing constantly, and to make themselves talented personnel useful to the motherland, intellectuals should study well professional knowledge and be proficient in their vocational work. At the same time, they should study well Marxism and the party's line, guiding principles, and policies and stick to the correct political orientation. In the process of reforming the objective world, they should reform their subjective work. They should consciously resist the corrosion of bourgeois decadent ideology, eliminate feudal ideological influence, and foster a communist belief and a dedicated spirit of struggling hard and making contributions to the motherland, the people, and socialist modernization. A number of outstanding intellectuals who came to the fore in the course of promoting the four modernizations program such as Jiang Zhuying, Lui Jianfu, Hua Yi, Qu Xiao, Weng Jiancai, Ma Zuguang, and others are models and fine examples from whom we should learn. Of course, stressing that intellectuals should always think of the fate of the state, and that they should assign the interests of the party and people a most important position, does not mean that their personal prospects and interests can be neglected and denied. However, they should soberly realize that today personal prospects of intellectuals should always be closely linked with the fate of the state and the interests of the party and people. Only thus can they use their ability in the process of promoting the common cause of the party and the people and turn their knowledge into a material strength which can bring happiness to the people. Therefore, every intellectual should link his prospects to the fate of the state and merge them into the people's cause. Only when an individual has established his clear-cut and unswerving political orientation can he grow in a healthy way and really achieve his personal goal of struggle. Nothing great will be achieved if one "designs and struggles on one's own" and in an isolated way. One will eventually lose direction, or even switch to the opposite side and be rejected by society. Therefore, adhering to a correct political orientation is the first problem which should be solved in order to help intellectuals stick to the path of healthy growth.

2. Book knowledge should be closely linked with the practice of socialist modernization. Knowledge includes two parts: book knowledge and practical knowledge. Only by having a good command of these two kinds of knowledge can one become a real intellectual in the full sense. Numerous facts prove that all intellectuals who have achieved something great are those who have persisted in integrating theory with practice. The better they handle the relations between theory and practice, the greater contribution they will make. This helps people further realize the value of knowledge and eradicates their prejudice against intellectuals. In his speech at a send-off meeting for a lecturers' group organized by the central authorities and state organs to train primary and secondary school teachers held on 11 August 1985, Comrade Hu Yaobang pointed out: "The positive and negative experiences of the party have told us that we are unable to do our work well, or turn ourselves into talented personnel, if we have book knowledge only. Our party's outstanding cadres have always developed under the following two conditions: 1) Cadres who formerly acquired scientific and cultural knowledge further grow through tempering themselves for a long time in practical struggle; 2) cadres who formerly lacked scientific and cultural knowledge study in the practice of revolutionary struggle. These two kinds of outstanding cadres have something in common: They always exert their efforts to link their book knowledge with practical knowledge, and integrate basic Marxist principles with the practical reality in China." Whether intellectuals, young intellectuals in particular, will become useful persons is not determined by their wealth of knowledge, but by whether they can apply their book knowledge to practice, bring benefits to people, promote progress in society, and make their proper contributions. Lenin said that only by using the wealth of knowledge created by mankind to enrich one's brain, can he become a communist. Studying conscientiously, making efforts to master theoretical weapons, and acquiring more new knowledge and new achievements is very important to one's growth and the construction of the motherland. There is no doubt about this. Those who are engaged in scholarship and determined to become experts should be supported and encouraged. However, when they are doing research or striving to become experts, they should not separate themselves from reality. If one despises reality, keeps oneself inside a study all day, engages in book learning alone, and fails to study and answer practical problems which emerge one after another, it is impossible for one to acquire full knowledge, let alone make contributions to the building of socialism with Chinese characteristics. The tendency of being overenthusiastic about foreign languages, writing theses, and pursuing scholarship instead of studying and solving practical issues, doing practical work, and conducting investigations and studies is a reflection of looking down upon practice, as well as not a path of healthy growth. Therefore, all intellectuals who are determined to achieve something great should make their efforts in the following two aspects: On the one hand, they should scale new heights and assiduously study cultural, scientific, and theoretical knowledge; on the other hand, they should go deep into the reality of the four modernizations and all-round reform in order to achieve experiences through practice, enrich their knowledge, and enhance their ability.

3. Intellectuals should integrate with the broad masses of people. It is a glorious revolutionary tradition of Chinese intellectuals to go deep among the masses and integrate with the masses. This is also an essential way for the healthy growth of intellectuals. As early as the period of the 4 May movement, intellectuals went out to the streets, penetrated into factories, closely integrated with the workers' movement, and promoted the development of the revolution. During the period of the war of resistance against Japan, the broad masses of young intellectuals left the schools, immersed themselves with workers and peasants, went right to the forefront of resisting Japan and saving the nation from extinction, and made immortal contributions to the state and nation. However, during the period of the 10 years of turmoil, the slogan of intellectuals integrating with workers and peasants was distorted. It was used as a means for setting workers and peasants against intellectuals, negating intellectuals, and persecuting and ruining them. The reputation of the slogan was severely impaired. We repudiate the crime of the Lin Biao and Jiang Qing counterrevolutionary clique of using the slogan to brutally persecute intellectuals. This does not mean that it is no longer necessary for intellectuals to integrate with workers and peasants. On the contrary, under the new historical conditions, we should stress that intellectuals should immerse themselves with the masses. This slogan should be shouted louder, so that it takes root in the mind of every intellectual.

One point merits our attention. Some people think that since the label of the "stinking ninth" has been removed, the practice of intellectuals integrating with the masses is obsolete. Some intellectuals consciously or unconsciously accept this view. Although these comrades are subjectively willing to do something great in the four modernizations, they are unwilling to go down to the grass-roots units, to immerse themselves with the masses, or go to places where conditions are hard. They only want to stay in big cities, big institutions, and participate in the work of the "brain trust." They are unwilling to go to the front line of construction and reform and to do practical work. They should realize that if they always stay in big cities and big institutions, work at the upper strata, and go around in cities only, and that if they fail to go right to the grass-roots units, immerse themselves with the masses, and apply their knowledge to the realities, it is impossible for them to give full play to their talent even if their brains are crammed with knowledge. Knowledge is a vast and boundless ocean, and the creativity and practice of workers and peasants are the largest and richest source of scientific and cultural knowledge. Without the practice and creativity of workers and peasants, the development of scientific and cultural knowledge will be like water without a source, and the progress and development of the socialist cause will lose its base. Ideas that regard the achievements of the notables as their own individual creation and look down upon the strength and role of the people are lopsided and harmful. They should also realize that intellectuals are a part of the working class, which has a higher level of scientific and cultural knowledge. These are their strong points and good qualities. However, some comrades among the intellectuals are no good at integrating with the masses. This is their weak point. A host of facts have shown that only by absorbing nutrition and wisdom from the masses and tempering themselves in the course

of integrating with the masses, can intellectuals become useful to the people, be respected by the people, and truly give play to their important role as mental laborers. Only thus can we continuously bring up new-type intellectuals one group after another. Regarding this question, there is one point on which we should be clear: Stressing again the necessity of intellectuals integrating with workers and peasants is different in nature from the "reeducation" of intellectuals during the "Great Cultural Revolution." The party and state call on intellectuals to work in places where conditions are hard. This is not a repetition of the previous practice of labor reform. This only means that intellectuals should go right into practice, immerse themselves with the masses, understand the society and the masses, and link their book knowledge with social practice. This is a general orientation to which we should always stick. However, regarding the specific methods for following this orientation, we should set different demands on people with different specialities and work. While following this principle, we should proceed from reality and avoid formalism.

III

During the new historical period, to guide tens of millions of intellectuals to unswervingly march along a correct path, party organizations and leaders at all levels should respect, show concern for, educate, provide guidance for, and help them grow in a healthy way.

1. We should completely eradicate the "leftist" influence and comprehensively understand and conscientiously implement the party's policy toward intellectuals. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has corrected the previous "leftist" mistakes, readjusted the policy toward intellectuals, and clearly defined a correct policy of "politically treating intellectuals equally without discrimination, giving them a free hand in their work, and showing concern for them in their daily life." The formulation of this basic policy has not only pointed out the direction for doing good work for intellectuals, but also created good conditions and an environment for the healthy growth of intellectuals. Under the guidance of Marxism, various party organizations and vocational departments should further eliminate the "leftist" influence, avoid making the "leftist" mistake again, and truly put their thinking on the right track. Only thus can they comprehensively understand and correctly implement the party policy toward intellectuals. To treat intellectuals in politics equally without any discrimination, we should truly rely on intellectuals as a part of the working class. We should not treat them as outsiders. Regarding all excellent intellectuals, we should admit them into the party without any delay provided they are qualified. If they are qualified for promotion, we should put them in proper leading posts. We should provide conditions for those who have professional skills so that they can give play to their skills. Giving intellectuals a free hand in their work means that we should make use of their strong points, let them have their own functions and power, and respect the creative work and achievements of mental laborers. We should avoid taking a naive view which wrongly thinks that giving intellectuals a free hand in work means placing them in the leading posts of the party and government. When assigning professional and

technical posts to them, we should attach importance to their practical level and contributions instead of paying attention only to their academic qualifications and theses. Showing concern for them in their daily life, of course, means that we should truly help them solve practical problems. At the same time, we should not rest content with our achievements in helping certain people and quarters solve their specific difficulties, and neglect the work of creating better working and living conditions for the broad masses of intellectuals. We should not pursue equalitarianism among intellectuals. We should dare to provide excellent pay and conditions, and award intellectuals who have made outstanding contributions. Some practical problems such as low payment for mental workers and so on cannot be resolved overnight. We should clearly explain all these matters to intellectuals, so that they will make allowances for the difficulties of the state, and correctly deal with some irrational phenomena. Regarding cases wrongly handled during the "Great Cultural Revolution" or cases left over from history, we should redress all of them in a practical way and deal with the aftermath in accordance with the relevant regulations. In a word, we should do still better work in fostering a good general mood in the entire party and the whole society of showing concern for the healthy growth of intellectuals, so that they will train themselves to be outstanding talented personnel needed by the four modernizations program under such excellent conditions.

2. We should create a democratic and harmonious environment so that we can do good ideological and political work for intellectuals. Ideological and political work is a fine tradition of our party. The policy of opening up to the outside world, enlivening the domestic economy, and carrying out all-out reform, which is aimed at building a high level of material and spiritual civilization and promoting full democracy, has provided more vigor and vitality for our ideological and political work and put forth a new task and problem for our ideological and political work. Under this new situation, making efforts to improve ideological and political work for intellectuals is an important condition for ensuring their healthy growth. We should realize that with the implementation of the policy of enlivening the domestic economy and opening up to the outside world, certain negative things and unhealthy factors occur in the society which will inevitably be reflected in the rank of intellectuals. Some incorrect ideas have also existed among intellectuals. For example, some intellectuals have not handled well the relations between individuals, the state, and the collectives, and have been preoccupied with personal gains and losses. Some other intellectuals scorn their colleagues and refuse to do the work of exchanging information. Some let down their colleagues. Some regard their knowledge as a counter for striking a bargain with the party and the people. Therefore, we should strengthen ideological and political work for intellectuals with specific objects in mind. We should stick to the principle of providing guidance and do well in conducting positive education. In the process of doing ideological work, we should avoid arbitrarily criticizing people from the high plane of principle and intensifying contradictions. In the meantime, we should not give up principles and make endless concessions. We should promptly remind, help, criticize, and educate them sincerely. This is not a correct way to solve problems if we fail to point out and criticize their shortcomings and

defects after discovering them, or do everything possible to protect them, or praise them to the sky at the expense of principle. We should also avoid jumping from one extreme to the other. We should not arbitrarily scold intellectuals or take coercive measures. It is because all this does not conform with our party's fine tradition of showing concern for and taking good care of intellectuals. Of course, criticism does not mean wielding big sticks. We should not use coercive measures to replace criticism. We should create a democratic and harmonious atmosphere. Regarding academic problems, the correct way to make a clear distinction between right and wrong is to implement the policy of "letting a hundred flowers blossom and a hundred schools of thought contend." People with different views may discuss problems on an equal basis and carry out their debate in a comradely way to present the facts and reason things out so that they can seek the truth. This is not merely a problem of method. What is more important is that this is a matter of attitude toward intellectuals. When this problem has been resolved, intellectuals will, with the assistance and concern shown by the party organizations and the masses, have ease of mind in the process of improving socialist democratic life. They will give play to their enthusiasm, initiative, and creativity to consciously march in a correct direction so that their thinking and work will satisfy the demand of the times.

3. We should guide intellectuals to strengthen their self-cultivation. In practical life, we very often encounter the following things: Some university graduates work and study in more or less the same environment after their graduation. Some make rapid progress and become backbones in the work. However, some others make slow progress and fail to play their own role. An important reason for this is that they subjectively exert different efforts. This shows that people with more or less the same ideological base and practical experience will achieve greatly different results because of different efforts they have exerted to enhance their ideological cultivation. More than 40 years ago, Comrade Liu Shaoqi pointed out: "Subjective effort and self-cultivation in the course of revolutionary struggle are absolutely essential, indeed indispensable, for a revolutionary in remolding himself and raising his own level." ("Selected Works of Liu Shaoqi," Vol 1, p 100) Some 10 years or so after the founding of the People's Republic, our party attached importance to ideological self-cultivation and self-reform of intellectuals. At that time, although "leftist" things made mischief and we sometimes did things in an oversimplified and crude way, the slogan of strengthening ideological self-cultivation and self-reform played an important role in encouraging the broad masses of intellectuals to mold their ideas and make continuous progress. However, in recent years, some intellectuals have misunderstood self-reform. They wrongly think that only others need ideological reform and that they do not need it. Some other comrades equate ideological reform with the previous "leftist" practice, or even regard ideological reform as the practice of making people suffer. During the 10 years of turmoil, Lin Biao, Jiang Qing and their like wanted intellectuals to receive "reeducation" under the signboard of "ideological reform." One moment they "reformed" this group of people, the next they "reformed" another group of people. They made people suffer and created a number of false charges, wrong sentences, and frame-ups in the name of "reform." We

repudiate the crime of Lin Biao, Jiang Qing, and their ilk of using the slogan of "ideological reform" to make people suffer. This does not mean that intellectuals no longer need self-cultivation in the future. In a speech delivered at the opening ceremony of the national conference on science in 1978, Comrade Deng Xiaoping said: "In our socialist society, everyone should remold himself--not just those who have not changed their basic stand, but everyone. We should all engage in a continued process of learning and transforming our thinking. We should all study fresh problems, absorb what is new, and consciously guard against corrosion by bourgeois ideology. In this way, we will be better able to carry out the glorious and arduous task of building a modern, powerful socialist country." ("Selected Works of Deng Xiaoping," pp 90-91) "Everyone should remold himself," stressed here, or what we call self-cultivation, includes, of course, intellectuals. We should soberly realize that intellectuals in our country have many strong points and virtues and that they have their own shortcomings. If we fail to have a correct assessment of intellectuals and understand their strong points and defects, we will not be able to guide intellectuals to carry forward their strong points, overcome their weak points, and encourage them to make continuous progress. If intellectuals fail to divide everything into two, they will not be able to renew their knowledge to keep abreast of the advance of the times. Furthermore, they will stagnate on the path of revolutionization and fail to satisfy the demand of reform and opening up to the outside world. Therefore, party organizations should guide intellectuals and regard the work of strengthening intellectuals' ideological self-cultivation as an important task. They should grasp the task firmly and effectively. As far as intellectuals themselves are concerned, they should value the concern and training provided by the party and the people and enhance their consciousness in self-cultivation. They should make efforts to arm themselves with Marxism, show more devotion to work, and enhance their sense of being the master of their own affairs. With communist breadth of vision, they should struggle undauntedly, work assiduously and diligently without any complaint, and quietly immerse themselves in work. They should constantly improve their skills and be very conscientious in work to bring happiness to the people wholeheartedly. With such a spirit, they will give no thought to their working conditions or personal gains and losses. They will merge their personal wisdom into the wisdom of the collectives, strengthen unity, promote cooperation to tackle key problems, make contributions, and suggest ways and means for the four modernizations program. All intellectuals should have self-respect, make unceasing efforts to improve themselves, and turn themselves into people of the new generation who "have ideals, morals, and knowledge, and observe discipline." They should struggle their whole life in order to reinvigorate the Chinese nation and bring happiness to the people.

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CSO: 4004/2

SERIOUSLY IMPLEMENT ADMINISTRATIVE LAW, MAKE EFFORTS TO OVERCOME THE LONG-STANDING MALPRACTICE OF NOT ACTING ACCORDING TO LAW IN GOVERNMENT WORK

Beijing RED FLAG in Chinese No 18, 16 Sep 86 pp 24-27

[Article by Zhang Shangzhuo [1728 1424 7763]]

[Text] I

In China's judicial field, the principle of conscientiously acting according to law has gradually developed into a habit and yielded great results. In the field of state administration, however, the sense of unswervingly acting according to law is still very weak. Over the past 30-odd years, especially since the 3d Plenary Session of the 11th CPC Central Committee, our country has worked out and promulgated a great many administrative statutes, but, in the administrative work of various government departments, laws already enacted are in many cases not fully observed or enforced. The problem is still very acute.

The phenomenon of not acting according to law in the administrative work of government departments at all levels is manifested in many ways. The sham medicine case in Jinjiang is a typical example. Some unscrupulous people naturally broke the law when they produced and sold sham or poor quality medicine. The relevant public health administrative department or the industrial and commercial administrative and management department should have promptly applied administrative sanctions against them (such as instructing them to suspend production, revoking their permits or business licenses, confiscating all the illegal gain from the sham medicine, or fining them) according to the stipulations of the relevant administrative statutes (such as the "PRC Medicine Controls Law"); if they committed crimes by endangering the people's health and caused serious consequences, it was also necessary to investigate and affix the criminal responsibilities of those directly responsible according to the stipulations of Article 164 of the Criminal Law. Government functionaries at the public health administrative departments in charge of medicine controls and the industrial and commercial administrative and management departments at various levels have also violated the relevant administrative statutes (such as the "PRC Medicine Controls Law") by indiscriminately issuing licenses for medical production, documents of approval, or business licenses. So have the public health administrative departments at the county level and above which failed to promptly examine

or make a sample inspection of the medicine manufactured in the areas under their jurisdiction so that unqualified products left an adverse effect on the market. In order to safeguard political discipline, it was also necessary to apply administrative sanctions against them (such as recording a demerit, demoting or dismissing those responsible, or taking other administrative disciplinary measures). It is regrettable that only when crimes are committed do people pay attention to punishing the criminals by legal means (penal means) and send them to law courts for conviction. In routine administrative management, however, they do not care, or do not know, that we can, and also must, apply administrative law to exercise controls over medicine and promptly adopt administrative disciplinary measures against those violating the medicine controls law (the lawbreakers producing sham or poor quality medicine) and "law enforcement personnel violating the law" (those who indiscriminately issue permits, documents of approval, or business licenses and those government functionaries who fail to promptly examine or make a sample inspection of medicine quality so that unqualified products leave an adverse effect on the market). The most important lesson here is that many government functionaries of the public health administrative departments and the industrial and commercial administrative departments fail to regard their departments as "law enforcing bodies" and to regard themselves as "law enforcement personnel" who are duty-bound to implement the "PRC Medicine Controls Law" and other relevant administrative statutes. They have fallen into the habit of holding that it is the duty of the law courts or the political and legal departments to "enforce law" and that they, as government functionaries, should only act according to party and state policies. They even fail to regard the administrative statutes concerning the business of their departments as "laws" which everyone should observe and which they should implement on behalf of the people and the state with the coercive force of the state as backing. Some time ago, the unlawful practice of producing and selling poisonous and harmful food and fake merchandise in violation of the "Food Hygiene Law" and the "Trademark Law" was also very serious in some localities. This has something to do with some government departments that failed to fully enforce or observe the laws enacted, thus violating the stipulations of the relevant administrative statutes, and that failed to act in strict accordance with the law. At present, the illegal practice of violating the "Marriage Registration Regulations" is also quite widespread. Due to their inability to apply this administrative statute in managing marriage registration work, some government functionaries of the civil administration department fail to act strictly in accordance with the law. In taxation work, the unlawful practices of evading taxes and withholding or refusing tax payments by some units and individuals are also common occurrences. Quite a few units and individuals failed to conscientiously implement the stipulations of the various administrative statutes on taxation so that for a time the bonus tax could not be collected. The above-mentioned circumstances show that, in the work of government departments at all levels, implementation of the principle of acting according to law, so that laws already enacted are observed and strictly enforced and that violators are brought to book, is a problem that should be solved urgently.

## II

Why is it that there are still many problems in the implementation of the principle of acting according to law in the work of government departments at all levels? This is due to many reasons. The two most important are:

First, not knowing that it is also necessary to implement the principle of acting according to law in government work, people in general do not know that there is such a legal department as administrative law in our socialist legal system. They do not understand the importance and necessity of applying administrative measures in managing all aspects of state administrative work.

For a long time, our government departments have merely stressed the need to act according to policies without attaching importance to the need to unswervingly act according to law.

Since the founding of the PRC, we have set up state administrative organs at all levels and formulated and promulgated a large number of administrative statutes however, because our country still follows the tradition of chiefly relying on the party's policies in all revolutionary work, as was the case prior to the founding of the PRC, the numerous administrative statutes are almost universally regarded by the whole nation as policies on a certain aspect or question that the party and state want to be implemented. People do not regard them as an important legal part of the legal system--an administrative law that should be implemented. They do not know that, in line with the explicit stipulations of these rules and regulations, they can, and also must, strictly adopt various administrative and punitive measures (applying various administrative sanctions against lawbreakers and, in an attempt to safeguard political discipline, taking various disciplinary actions, namely administrative disciplinary measures, against "law enforcement personnel violating the law") to ensure their implementation. Our cadres approach the question this way and so do the common people. When confronted with state administrative management, many people merely know that there are policies. They do not know that there is an administrative law. Nor do they know that it is necessary not only to act according to policies but also to do a good job of strengthening the legal system and to resolutely act in accordance with the stipulations of various administrative statutes.

Administrative law is a general name for the vast number of administrative statutes (or administrative decrees) in accordance with which governments at all levels exercise administrative work in various fields. China's administrative law is an important legal part of the socialist legal system, taking the state Constitution as the commander. Through tens of thousands of special regulations it stipulates the following basic contents: 1) The organizational systems, duties, and operational principles of all kinds of state administrative organs at all levels; 2) all kinds of administrative systems and management methods; 3) the status of all kinds of government administrative personnel at all levels, as well as their legal rights and duties; 4) the status of the vast numbers of citizens, enterprises, and

institutions and of various mass organizations in administrative law, as well as their legal rights and duties; 5) the system of rewarding units or individuals that have achieved outstanding successes in exercising administrative management according to law; 6) the various disciplinary sanctions applied against unlawful activities conducted in violation of the stipulations of administrative law; 7) the various legal guarantees ensuring implementation of administrative law; and 8) the procedures and methods of resolving and handling various administrative disputes (including administrative lawsuits). Unlike the Constitution, criminal law, civil law, and other legal departments, the administrative law generally has a basic and complete code. The specific names of its tens of thousands of rules and regulations vary but only a handful of them can be called "laws," such as the "Food Hygiene Law" and the "Law on Protecting Historical Relics." According to incomplete statistics, we have adopted at least 40-50 specific names for the various administrative statutes since the founding of the PRC. Some are called laws; others regulations, general rules, general regulations, or rules; and still others resolutions, decisions, instructions, circulars, notices, methods, plans, and measures or plans for implementation. Although they have different names, they all have legal character. Government departments at all levels should take these rules and regulations as a legal basis and apply them in managing the administrative work under their care.

Second, fettered by some traditional ideas of the legal system, people do not understand the importance and necessity of strengthening the legal system in government work.

At present, in an attempt to further develop people's democracy and strengthen the legal system in our country, we should guide people in changing, first of all, the following outdated traditional ideas: 1) It is necessary to change the traditional idea of associating the strengthening of the legal system only with the strengthening of the public security, procuratorial, and judicial departments and of the political and legal departments. We should enable people to understand that, in addition to the need to continuously strengthen the political and legal departments and the legal system, strengthening the legal system in wide-ranging government work is a very important aspect of the work of perfecting and strengthening China's socialist legal system. 2) It is necessary to change the traditional idea of relying only on policies to do things, which has developed over the years. We should enable people to understand that, in an effort to strengthen the legal system, it is necessary not only to rely on policies but also to act according to law in government work. 3) It is necessary to change the traditional idea of associating the application of legal measures only with the application of penal measures in cracking down on crimes. We should enable people to understand in terms of theory that legal measures refer to measures of the penal code, the civil code, economic law, administrative law, and so on. If legal measures are applied in government work at all levels, many problems can be solved by administrative measures. 4) It is necessary to change the traditional idea of associating the use of legal measures only with the use of punitive measures. We should enable people to understand in terms of theory that legal measures refer

not only to punitive but also to management and award-giving measures. If legal measures should be employed in state administrative work, management measures should be widely and chiefly employed. Efforts should be made to administer and manage the national economy and the other administrative work of the government according to law. Those who give a good account of themselves should be rewarded while those who pay no heed to management should be punished by punitive measures adopted according to law. Only by first stressing the need to exercise management according to law and then stressing the need to reward the good and punishing the bad from the angle of the legal system is it possible to ensure that economic work and all aspects of state administrative work can be satisfactorily managed according to law. 5) It is necessary to change the traditional idea of regarding such political and legal departments as the public security, procuratorial, and judicial departments as the only law enforcement organs of the state. We should enable people to understand clearly that all administrative organs of the state are the law enforcement bodies of the relevant administrative statutes. The personnel, educational, and cultural departments of the government are law enforcement bodies and so are the industrial, agricultural, commercial, and other economic departments of the government. However, they are not the law enforcement bodies on such judicial laws as the criminal law and civil law; they are merely the law enforcement bodies in the relevant professional departments. They do not have the right to "enforce" the criminal law, civil law, and other judicial laws on behalf of the state because that is the special function and power of such political and legal departments as the law courts or the public security, procuratorial, and judicial departments; they only have the duty to take the lead in "observing" the criminal law, civil law, and other judicial laws. Nevertheless, they are all law enforcement bodies which strictly implement the relevant administrative laws (various administrative statutes) in the name of the state (or government). We should enable people to understand clearly that, like the public security, procuratorial, and judicial departments, it is necessary to strictly implement in all fields of government work the principle that there are laws to go by, that they are observed and strictly enforced, and that violators are brought to book. That is to say, it is absolutely necessary to act according to law.

## III

Comrade Deng Xiaoping attaches great importance to the building of the legal system in the government field. There are numerous brilliant expositions on this issue in the "Selected Works of Deng Xiaoping." As far back as in 1980 Comrade Deng Xiaoping pointed out sharply: The bureaucracy peculiar to us today is closely connected with our highly centralized management in the economic, political, cultural, and social fields, which we have long regarded as essential for the socialist system and for planning. This can be said to be one of the main causes of the bureaucracy peculiar to us. Another cause of our bureaucracy is that for a long time we have had no strict administrative rules and regulations and no system of personal responsibility from top to bottom in the leading bodies of our party and government organizations and of our enterprises and institutions. We also lack strict and explicit terms of reference for each organization and post. (See "Selected Works of

Deng Xiaoping," p 288) The idea of "taking a firm hold of construction with one hand and the legal system with the other" is a concise generalization of Comrade Deng Xiaoping's consistent idea on the building of the socialist legal system.

With the in-depth development of China's economic restructuring, a series of reforms is being conducted in all fields of state administrative work, including industry, agriculture, commerce, and finance, which the governments at all levels carry out on behalf of the people and the state. In the past, all government departments invariably relied on administrative measures to manage the economy. In the future, they are required to simultaneously employ administrative, economic, and legal measures to carry out management so that legal measures will become an important means of readjusting economic relations and activities. Only in this way can we correctly bring into play the functions of the government in managing the economy following the separation of the functions of government and enterprises. The practice of economic restructuring shows that, in order to correctly bring into play the function of government in managing the economy and other fields of administrative work, while employing legal measures, we should unswervingly employ measures of the criminal law to crack down on crimes. We should also pay attention to employing measures of the civil law and economic law, particularly measures of administrative law, to manage the economy and other fields of state administrative work serving economic construction so that the work of government departments at all levels can gradually be institutionalized and codified into laws and that all government work can gradually be brought into line with the socialist legal system.

Administrative law is a legal department that has long been forgotten and misunderstood in our country. For this reason, a series of problems is still to be resolved in the field of administrative law. For example, by and large, the building of the legal system in the field of state administration is still unsound and imperfect. Although the state has worked out and promulgated a large number of administrative rules and regulations, most are substantive laws. We still lack an administratively mandatory law and a law on administrative procedure (including administrative litigation). This makes it difficult to ensure prompt, accurate, and effective implementation of a large number of substantive laws. The large number of administrative rules and regulations we have today have not developed into a rational and internally harmonious system. They often contradict one another, which also affects their implementation. Therefore, strengthening the legal system (including legislation, law enforcement, publicity of the legal system, legal education, and research in law) has become a task of top priority in state life.

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CSO: 4004/2

ON BANK SAVINGS OF URBAN AND RURAL RESIDENTS IN THE SOCIALIST ECONOMY

Beijing RED FLAG in Chinese No 18, 16 Sep 86 pp 28-32, 33

[Article by Liu Hongru [2621 7703 0320]; capitalized passages published in boldface]

[Text] I

In our socialist economic construction, developing the business of bank savings is of great significance. It plays an important role in alleviating the shortage of supply of funds to meet the demand, regulating the circulation of money, quickening the accumulation of funds, and correctly guiding consumption.

1. EXPAND THE SCALE OF ACTUAL ACCUMULATION WITHOUT RAISING THE ACCUMULATION RATE.

The national income, which is the gross social products after deducting depreciation funds, will finally become accumulation and consumption funds through initial and redistribution. The rate of accumulation denotes the ratio of accumulation funds to national income. The source for our accumulation funds is our social surplus products, which is a basic source for our expanded reproduction. But the actual scale of our accumulation is in addition affected by the following two factors: The depreciation funds can be used as additional investment before the fixed assets are renewed; and the section of delayed consumption in the consumption funds can be transformed into accumulation through credit. In nature, consumption funds are not production funds, but through credit, a portion of them can be transformed into production funds to increase the actual scale of our accumulation. The special function of bank savings is that it can increase the portion of our national income that is spent for accumulation, without raising our accumulation rate or lowering the proportion of our consumption funds.

Our country's bank savings has long been linked with accumulation. For many years, our banks have provided loans for our industry as its current capital, a fairly large portion of which has been spent in expanded reproduction. They have also provided equipment loans in our rural areas, which have directly been used in expanded reproduction. Since 1979, in our credit reform, the practice of providing bank loans has been spread to the area of

investment in fixed assets. By the end of 1985, the balance of loans reached 68 billion yuan. As our production and circulation grew, in the past 2 years, the loans for current capital rose by over 70 billion yuan a year.

Transforming consumption funds into accumulation funds through bank savings is realized through the "time difference" between the distribution of the value of the national income and the distribution of the national income in terms of actual things. When our urban and rural residents have got their income in money and thus have social purchasing power, they get the right to possess the social products corresponding to the value of the money. But only through exchange can the distribution of use value be realized and can the stage of consumption actually be reached. As there is a "time gap" between the money income and expenditure of our residents, there is always some idle money in our residents' hands. This means that some of our social products are idle and not being consumed. Through bank savings, we can accumulate this idle money through the method of taking it with a promise to pay back the principal and interest on it. By so doing, we will change small amounts into large ones, maintain the original ownership over the money, but redistribute the power to use the money. In essence, this means that we redistribute the portion of materials and goods that are laid idle and then put them in our production and construction and thus realize the transformation from consumption funds to production funds. Marx called this function of bank savings in collecting small amounts of money and transforming them into huge sums as the "special role of the bank system." ("Collected Works of Marx and Engels," Vol 25, p 454)

2. BALANCE OUR CREDIT INCOME AND RECEIPT AND REGULATE CIRCULATION OF MONEY.

Bank deposits are a fundamental source of our credit funds. Since the 3d Plenary Session of the 11th CPC Central Committee, as the income of our masses of people rose, the percentage of the bank savings of our urban and rural residents has increased day by day and reached 38.2 percent by the end of 1985. In the balance of our bank savings, the percentage of fixed deposits has always been about 80 percent, of which fixed deposits for the duration of over 3 years account for 60 percent. The role of our bank savings in balancing the income and receipt of credit has become increasingly clear. For example, by the end of 1985, the balance of our urban bank savings was equal to 65.7 percent of the total balance of loans that we had provided to our industry and 38.8 percent of that we had provided to our commerce. The balance of the total bank savings of our rural commune members accounted for 72.8 percent of our agricultural loans.

Bank deposits also play an important regulatory role in our money circulation. A socialist economy is a planned commodity economy and the banks in it employ their funds in a planned manner. When the credit funds employed are bigger than the source for them, it will increase the volume of cash in circulation. When bank savings as a source of our credit funds increase, there will be a reduction of cash in circulation, which is usually called withdrawal of money from circulation. The state can then correspondingly reduce the production of consumer goods in the light of the increase in bank savings and thus regard bank savings as an important ground for us to

strike in a planned manner a balance between the purchasing power in our community and the amount of supply of commodities and thus give play to the role of bank deposits in regulating the circulation of money. In particular, when there is too much money in the market and when the social purchasing power is bigger than the supply of commodities, vigorously developing bank savings and thus increasing the withdrawal of money from circulation is of particular significance in easing the shortage of consumer goods in our market and stabilizing our market and the value of money.

3. ARRANGE PEOPLE'S LIVELIHOOD IN A PLANNED MANNER AND GUIDE CONSUMPTION.

Since the money income of our urban and rural residents was increased, in order better to conduct their consumption, people have regarded accumulating consumption funds through bank savings as an important method in arranging their economic life. According to investigation, the residents roughly spend their bank savings for the following five categories of purpose: 1) As reserve for their daily life, production, and business, which can be deposited and withdrawn as they please; 2) as a store of money waiting for the purchase or as a growing accumulation of money for the purchase of some high-grade consumer goods; 3) as a reserve for wedding or funeral expenses or for the construction of houses; 4) as a long-term deposit to prepare for retirement; and 5) as a store of wealth without any deposit aim of use. Except for the reserve for daily life, production, and business, the other four categories are all relatively more stable and are the principal part of bank savings. As bank savings are used for different purposes, there is a demand for various kinds of savings. Developing diverse forms of flexible business to attract bank savings is of increasingly great significance in helping the masses of people plan and select their consumption.

From the point of view of the functions of bank deposits, they guide consumption in two ways: First, they guide immediate consumption such as through providing consumption credit. Our banks can provide loans for buyers, or the sellers provide credit for buyers. This will help sell stockpiled consumer goods. On the other hand, the banks can provide loans combined with bank deposits to provide consumption credit to buyers. This will help those who have not yet the money to realize their consumption. Whatever the form of consumption credit, a stock of consumer goods is a precondition for it. The role of guidance of bank savings is that it enables the delayed consumption of some people to be transformed into the immediate consumption of others and thus regulates the consumption funds. Second, it guides future consumption. This has three characteristics: 1) Since the delayed purchasing power will be realized in the future, no corresponding store of consumer goods will be necessary in the time when the use of this purchasing power is delayed; 2) in the period of delay of consumption, through the transformation of credit, the volume of production is increased; 3) when the delayed purchasing power returns to the cycle of circulation, the new products of which it facilitates production will also be put into the cycle of circulation and match the purchasing power. Of course, from the point of view of the whole country, at any moment, the delayed purchasing power is renewing and moving and some of it becomes actual purchase power and is replaced by other which is delayed. This requires production to

continuously provide corresponding new products. However, on the other hand, at any moment, there is always a balance of delayed purchasing power which can be disposed and used by our banks. Moreover, this balance will grow as the money income of our urban and rural residents increases. Since this portion of purchasing power is to be realized in the future, of course, it is not based on any stock of commodities at present. Through the transformation of bank deposits, our production is regulated and our product mix changed; therefore, when the delayed purchasing power returns to circulation, it becomes consumption at a higher level. Bank savings guide future consumption through production and give impetus to both production and consumption.

II

Concerning the role of urban and rural residents' bank savings in our socialist economy, we should clarify some issues of understanding.

Bank savings are banks' liabilities and so is the cash in circulation. In the statement of the balance between credit income and receipts, bank savings are treated as a source of credit funds. When bank savings increase, the volume of cash in circulation decreases. When residents draw cash from their savings, the volume of cash in circulation rises and bank savings decrease. The two grow in opposite directions, but the total volume of the sources for our banks' credit funds remains unchanged. CAN WE THEN SUBSTITUTE THE METHOD OF INCREASING THE VOLUME OF MONEY ISSUED TO DIRECTLY INCREASE OUR LOANS FOR THE METHOD OF ATTRACTING BANK DEPOSITS? THIS WILL NOT WORK.

The role of bank deposits is to separate ownership from the power of use over money, transfer the surplus purchasing power to the state for its use, and thus support expanded reproduction without increasing the total volume of money issued. The small amounts of money that we gather through attracting bank deposits originally exist in our circulation, and the amount transformed into production funds is equal to the amount of bank deposits. In that case, the total demand in society is not changed; only the mode of money is changed. We substitute quickening the circulation of money for the increase of the absolute amount of money and thus attain our goal of expanding production. If we adopt the method of increasing the volume of money in circulation to affect the value of idle products, the absolute amount of money in circulation will grow quickly. When there is an excession of money over the needs of the circulation, our currency will be devalued. The greater the excession, the greater the devaluation. At the end of 1985, the accumulated balance of the urban and rural bank savings reached 162.3 billion yuan, equal to 24 percent of the year's national income and close to the total of the state's revenue. If we substitute issuing money for this amount of bank deposits, the consequence would be dreadful to contemplate.

At the same time, substituting issuing money for attracting bank deposits will certainly spread large amounts of cash in the hands of our rural and urban residents. These amounts of cash are small and scattered. They can enter our market at any moment and give rise to chaos for our banks in using

their funds. This goes against the requirements of the planned commodity economy. Through attracting bank savings, we can transform the idle money in circulation into bank savings. This is not merely a change in the form of money. For the nature of the money has changed and it is no longer as actual purchasing power. It is bound by a credit contract with compensation and thus becomes the credit funds that are collected by our banks, which will have the power to use it. This is an important tool and lever for us to balance our credit supply and demand, regulate money circulation, and arrange production and consumption in a planned manner. This cannot be replaced by the issuance of money.

IS THERE A LIMIT TO THE INCREASE IN BANK SAVINGS?

In fact, there is an objective limit to the increase in bank savings. This is due to the restriction of the law of distribution and the law of consumption. The increase in bank savings is first of all determined by the total money income of our urban and rural residents. The money income of our residents is determined by the level of development of the economy in our society and the proportion between accumulation and consumption. When the total amount of consumption funds is fixed, the money income of our residents is in addition determined by the amount of consumption funds from which social consumption is deducted and which is distributed among individuals. Of our personal consumption funds, a portion is in the form of actual goods, such as the food grain ration for peasants. As the commodity rate of our agriculture rises, this portion of the personal consumption funds will fall gradually. A factor that directly determines the increase in bank savings is the portion of total money income in the consumption funds distributed among individuals after the deduction of the portion that is in the form of actual goods. The various proportions of the above-mentioned distribution of national income are all objective restrictions. From the point of view of consumption, once the total money income of our urban and rural residents is fixed, only the portion of it after deduction of the consumption in the period can become bank savings. The percentage of the residents' money income in a certain period that is spent for the consumption in the period and that of the income that is spent for future consumption are governed by consumption law. To be more specific, they are determined by the average level of money income of the members of the families of our residents, the change in our composition of consumption and prices of goods, the supply and demand of commodities, the general mood of our society, and life habits. In our country's history, the rate of consumption (the ratio of consumption expenditure to money income) rose abnormally in the 3 years of difficulties and the 10 years of turmoil. In some of these years, it reached 99 percent and in others it exceeded 100 percent. Obviously, this was distortion of consumption caused by social factors. Since 1979, a new period has begun in our country's economy, the rate of consumption has tended to become normal, the rate of bank savings has risen steadily. There has been an outstanding change: Residents' bank savings have risen more quickly than their money income. This is to some extent an inevitable phenomenon. When the money income of our residents is low, they must first solve the problems related to their food and clothing. After the problems related to their survival are solved, the

consumers will put the acquirement of means of recreation and development in the order of the day, but these means have great elasticity and in order to get them, people have to accumulate sums of money for some time.

The problem is what should be our view in the growth of bank savings under the situation of a little excess in the volume of money issued and on the utilization of these bank savings. When there is an excessive amount of money issued, the money accumulated by the bank savings will be greater than the accumulation of the value of materials and goods it represents. However, the amount of the value of the materials and goods that are not consumed in the year concerned is fixed and will not change along with the actual scale of the increase of the accumulation of money. This is not because of any problems related to bank deposits themselves, but is the consequence of the excessive distribution of our national income. The purchase power of all our money will fall correspondingly according to the extent of overdistribution. We cannot say that the portion of the excessive increase in bank savings is an overrated increase without the support of materials and goods. The devalue of money reflects the abnormal situation in economy and circulation of money. By absorbing the excessive amount of money from the process of circulation, our banks precisely play the role of regulating the circulation of money by bank savings. Some people think that under this situation, the role of bank savings is to stabilize market and prices of goods and that it is impossible for bank savings to also play the role of accumulation. This view is to some extent right, but it does not take into consideration the all-round situation. In a period when the economy is abnormal, using bank savings to withdraw money from circulation has a special effect on the situation of the distorted expansion of demand. We did that in the 3 years of difficulties. But this method cures the symptoms rather than the disease. We attained our goal through reducing consumption. The basic function of bank savings is to promote production through credit transformation and thus increase supply and radically stabilize our market and prices. This has been time and again proved by the economic life of our country. An analysis of our current situation reveals that we have not yet put an end to the situation of excessive total social demand, the expansion of demand, the existing production capacity is not fully used, and at the same time our enterprises lack current capital. In particular, the shortage of current capital has already become a very prominent problem in our economic life. In this situation, if in order to control the total demand and in order to solve the problem of excessive money, our banks refused to lend the money that they have absorbed through bank savings, it would obviously be detrimental to our economy. This would be a policy of economic deflation. If they blindly increased money supply to satisfy the demand for money, it would be even more detrimental to the balance of our economy and the stability of our market. It seems that a feasible method is to vigorously develop bank savings and use bank savings to help enterprises develop production. By so doing, we will both avoid an expansion of total demand and support a number of enterprises with good economic results. When we have enlivened our production, we will be in a good position to reversely solve the problem of excessive demand and money devaluation. This is a positive monetary policy to enliven our economy.

CONCERNING THE PROBLEM OF SAVINGS, QUITE MANY PEOPLE HAVE PAID ATTENTION TO THE OPPOSITION BETWEEN BANK SAVINGS AND CONSUMPTION, BUT THEY OFTEN OVERLOOKED THE UNITY BETWEEN SAVINGS AND CONSUMPTION.

Viewed in the process of social reproduction, bank savings are the intermediate link between consumption and production funds and a starter that links consumption and production. As a surplus of our residents' immediate consumption bank deposits are conducted on a voluntary basis. No one thinks that this will perhaps restrict consumption. However, when our banks lend the money they have collected through absorbing bank savings and thus transform bank savings into accumulation, people think that it may restrict consumption, for the more bank savings our banks have absorbed, the less the money to realize the value of means of consumption. Here we have to explain two points: First, bank savings are determined by consumption rather than vice versa. Generally people will not reduce their necessary normal consumption in order to earn interest on bank deposits; and second, as bank savings are a starter, it links consumption with production. It is precisely this link that mobilizes the surplus of our residents' consumption and puts it in production and thus transforms personal consumption into production consumption and better satisfies the demand of personal consumption. From this point of view, it has not changed the final spending nature of consumption, but has finally spent the funds in consumption through production. The difference is that those who conduct the consumption have been changed. The finished personal livelihood consumption is extended by the consumption of social production and thus facilitates full utilization of idle social resources. Therefore, from both its aim and functions, bank savings is in no sense an end or reduction of consumption, but means starting, transforming, and expanding production. Thinking that bank savings hinder consumption stresses the opposition and overlooks the unity between the two.

In view of the actual situation, it is not bank savings that have caused some products to be unmarketable or stockpiled. The root cause for that is in our production and circulation--because the product mix is not suited to the changes in the composition of consumption, because the poor quality and high prices of the products make them unacceptable for the buyers, or because the circulation channels are blocked and thus cause a temporary stockpile of products. The fact that some products are stockpiled and unmarketable while some amounts of money waiting for goods to purchase are deposited in banks shows the importance of bank savings. Our banks can regulate our production through loans and thus enable the delayed selective purchasing power to be realized.

III

Over the past few years, as our country's economic structural reform continued to deepen and as our economy rose steadily, there has been clear improvement in our urban and rural people's living standard. The sharp rise of money income has increased the percentage of surplus after consumption. This is extremely favorable for the development of the business of bank savings. We should adhere to the orientation of reform, perfect

various policies, and provide quality service in order to absorb more bank savings.

1. EXPAND NETWORK OF BANK SAVINGS, INCREASE THE CATEGORIES OF DEPOSITS, AND IMPROVE SERVICE QUALITY.

From 1978 to the end of 1985, the balance of our urban and rural bank savings rose by 600 percent, but the bank savings service centers in our urban and rural bank network only increased by over 100 percent and the number of workers there rose by less than 200 percent. This falls far short of the demand resulting from the development of the bank savings service. At present, we should set out solving the problems related to insufficient bank service in the following three areas: 1) We should increase bank savings service centers and develop bank savings agencies; 2) we should set up a responsibility system in our bank savings service centers and improve their management system through the contract responsibility system; and 3) we should gradually use modern management technology, expand the scope of application of computers, put an end to the backward method of calculating by abacus and pen in our banking system, and thus meet the demand of the vigorous development of bank savings business by improved efficiency. At the same time, the work of absorbing bank deposits is an arduous task. In addition to intensifying the ideological education of the workers in this sector, we must adopt some necessary measures related to economic interests and put an end to the practice of paying the same remuneration to bank staff and workers no matter how much work they do and no matter how satisfactory or unsatisfactory their work.

2. DEVELOP BANK SERVICE THROUGH DIVERSE CHANNELS.

The basic business organs of the various specialized banks can compete with one another in absorbing bank savings in order to change the situation of bank savings service centers and personnel not satisfying the demand of the work. Our country's post systems and organs are scattered in all corners of our urban and rural areas; therefore, there is great potential in our post offices to develop bank savings business. This can also save much expense. Our rural credit cooperatives are the principal part of our country's rural financial system and important channels to raise funds from the community. We should reform our credit cooperatives and establish small, dispersed, and independent rural financial organizations to meet the demand of the millions of independent producers who are assigned responsibility geared to their families by contracts and who conduct their operation separately. In our cities, it is difficult to rely only on state banks to solve the problems related to depositing and withdrawing of bank savings by the collective enterprises, enterprises assigned to people by responsibility contracts, rented enterprises, and large numbers of individual industrial and commercial firms and urban residents. Vigorously developing our urban collective credit cooperatives is another way to widely raise funds. The insurance industry is a consequence of the development of our commodity economy and is also an important method to manage our commodity economy. We should break the state's monopoly in this sector, promote the development of diversified and perfect insurance organizations and systems, and thus

turn our insurance industry into a vigorous tool to raise funds for the state and support our economic construction. In addition, in some large enterprises and places that have the necessity, our banks can set up joint deposit taking organizations together with our enterprises and units.

3. DEVELOP DIVERSE FINANCIAL ASSETS AND EXTENSIVELY RAISE FUNDS.

For many years, the forms of financial assets in our country have been only cash and bank deposits. Our urban and rural residents have no other choice of financial assets for their surplus money income. Through our reform, we should put an end to this and provide more tools of finance, such as fixed deposits with large amounts of money, financial bonds, shares, and state bonds in order to enable our surplus funds to flexibly and selectively be transferred to our production and circulation and thus facilitate even more extensive raising of funds to support our construction. If we do not provide new financial tools for those who hold money, the idle funds in our community will be absorbed by nongovernmental credit. This will weaken and reduce the credit business of our banks and hinder their raising of funds. At the same time, by the new financial tools, we can more effectively guide our surplus funds to switch to the production enterprises and construction projects with satisfactory economic results and can also provide tools for state banks to guide our capital market and thus facilitate macroeconomic regulation and control.

4. USE INTEREST RATES AS A LEVER TO STABILIZE AND INCREASE BANK SAVINGS.

By taking part in bank savings, our country's urban and rural residents show their confidence in and support for the various policies of the party and government. Judging by the investigation data in various areas, the greatest factor that affects the minds of those who deposit money with our banks is the relations between the interest rate on bank savings and prices of goods. Therefore, as bank savings is a means to maintain the value of their savings, we should not overlook the guiding role of interest rates. Since 1979, our country has time and again raised interest rates on bank savings. This has been one of the most important causes for the sharp increase of bank deposits in the past few years.

5. DO A GOOD JOB OF TRANSFORMING CONSUMPTION FUNDS INTO ACCUMULATION FUNDS.

This is a precondition for the development of our bank savings business. In order to do this work well we should solve the following problems: First, we must arrange bank savings together with our credit funds in a centralized manner and adhere to the principle of first production and then capital construction. We should first ensure the supply of current capital for our production and circulation and then arrange loans for fixed assets in the light of our resources. Second, the duration of bank savings differs. This is the duration composition of bank deposits. We should strike a balance between source and application of the bank savings in terms of duration. In particular, we should not use funds gathered from short-term bank deposits to lend long-term loans. Third, the transformation from bank deposits to accumulation is a transformation from consumption funds and there will

finally be a reversed transformation into consumption within a certain period of time. Therefore, the employment of the funds from bank savings should be focused on the production of consumer goods. Fourth, judging by the use of bank savings and the purpose of holding money and waiting to purchase things, the major problem is that our product mix lags behind the change in the composition of our consumption. We should adhere to the principle of making distinction in meting out treatment and choose the best to lend loans and thus promote the readjustment of the composition of our industries and the progress of technology and support the production of products in short supply in our market. This is of urgent significance in stabilizing our market and balancing supply and demand.

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CSO: 4004/2

# SEVERAL QUESTIONS CONCERNING INDUSTRY SUBSIDIZING AGRICULTURE--DISCUSSION WITH COMRADES WU RONG AND LI PENG

Beijing RED FLAG in Chinese No 18, 16 Sep 86 pp 33-37

[Article by Chen Kewen [7115 0344 2429]]

[Text] The article "On Industry Subsidizing Agriculture" by Comrades Wu Rong [0702 6954] and Li Peng [2621 7720] (RED FLAG No 7, 1986) made a relatively all-round discussion and coverage on the history of development of industry subsidizing agriculture, its inevitability and significance and measures for its implementation. It carried a definite guiding significance regarding the thorough execution of this important rural economic policy of the party Central Committee. However, on reading over the article carefully I feel that certain of the points are not exactly appropriate and wish now to bring them up here for discussion with Comrades Wu and Li.

## Origin of Industry Subsidizing Agriculture--Development From Agriculture Subsidizing Industry to Industry Subsidizing Agriculture

Comrades Wu Rong and Li Peng were of the opinion that industry subsidizing agriculture had early origins. They divided its development into five separate stages, namely, the "final period of the 1960's," the "early 1970's," the "middle and final period of the 1970's," the period "commencing 1980," and "since 1983." It is true that from beginning to development and perfection, industry subsidizing agriculture can be divided into different development stages, and I do not agree with the method of demarcation used by Comrades Wu and Li. In my opinion, of the five periods earmarked by Comrades Wu and Li, in the first two periods, industry did not subsidize agriculture; on the contrary, agriculture subsidized industry.

Of the rural industries in our country, the great majority had received no investment from the state; the peasants started them from "scratch." The original accumulations of rural industries were provided by agriculture, that is, a portion of agriculture's income was used to start the industries. This point was also acknowledged by Comrades Wu and Li. In their article, they wrote: "When the township-run and village-run enterprises were first started, the sources of the capital were derived first from the accumulations of the production team members, and, second, from the expense funds delivered by the production teams to the communes or the production brigades,

while the labor force was drawn from the backbone elements of the production teams." (Footnote 1) (Wu Rong and Li Peng, "On Industry Subsidizing Agriculture," RED FLAG No 7, 1986. Further quotations below from this article will not be separately mentioned in detail.) This difficult originating period of the rural industries was the first mentioned by Comrades Wu and Li. It can easily be seen that in reality in this period it was agriculture subsidizing industry and not vice versa.

What Comrades Wu and Li mentioned about "the work being done in the plant, distribution done by the team, and settlement made between the plant and the team" as being the beginning of industry subsidizing agriculture likewise did not correspond with the actual condition at the time. At that time, the distribution system of the commune and team enterprises was based on the following facts: At the initial stage of the rural industry, the labor productivity rate was rather low and in order to expand the accumulations, the wage level was also relatively low; after deduction of the living expenses (staff members and workers of township enterprises usually ate and were domiciled at the plant), little was left of the salaries and wages of the staff members and workers. This portion of the income of the staff members and workers was turned over to the production teams for recording the work points and participation in unified distribution by the production teams. The sum total of the staff members' and workers' fixed-price grain for themselves and their family members, grain for work points and other distribution materials in kind was usually higher than what they turned in to the production team. Naturally, there were a number of better-run township and town enterprises in which their staff members and workers received income distribution from the production teams which was lower than the income received from the township and town enterprises, although generally speaking, the loss from the disparity was not too great. This was the reason why under such conditions the staff members and workers of township and town enterprises were willing to take part in the production team's unified distribution. From this it can be seen that with regard to the majority of the township and town enterprises, enforcing the system of "doing the work in the plant, distribution by the team and settlement between the plant and the team" was in reality agriculture subsidizing industry. It was different from agriculture providing the accumulations to the township and town industry in that one was subsidizing the production sector and the other was subsidizing the distribution sector.

Comrades Wu and Li also mentioned that in the early 1970's many township and town enterprises produced materials for agricultural use and did some repair work on farm machines and tools. They attributed this to the development of industry subsidizing agriculture. This was hardly true. At that time, the commune and team enterprises were still making a start, they did not have sufficient capital funds, and their equipment and technology were both backward. The situation was not like that of today of being in contact with the whole market and producing a variety of products. They could only rely on agriculture, take agriculture as the market, engage in industry with agriculture as the center, and generally perform a good job in industry for the sake of agriculture. This was only an exchange between industry and agriculture and should not be interpreted as industry subsidizing agriculture.

Conversely, agriculture providing industry with grain and raw materials should not be termed as agriculture subsidizing industry.

Summing up the above, in the first and second stages of the development of township and town enterprises, it was not industry subsidizing agriculture. It may be true that at the time certain relatively better-run enterprises did use a portion of their earnings to subsidize agriculture. However, now is not the time for township and town enterprises to have industry subsidizing agriculture as their general policy and as an inevitable outcome of economic development. Only when township and town industry have overcome the difficulties of accumulating capital, have themselves possessed a definite capacity for reproduction and reached a definite level in profit making can the state of industry subsidizing agriculture appear. Judging from the status of national development and development of the township and town enterprises at the time, this should have been the case in the middle and final periods of the 1970's. Hence, I am of the opinion that the relationship in the distribution of earnings between township and town enterprises and agriculture passes through a development process of agriculture subsidizing industry--in industry and agriculture being given equal attention--and industry subsidizing agriculture.

The Inevitability of Industry Subsidizing Agriculture--Disparity in the Benefits of Industry and Agriculture and the Principle of Subsidy and Compensation

Why should township and town enterprises subsidize agriculture? Comrades Wu Rong and Li Peng mentioned three reasons: The first is determined by the subordinate character of township and town enterprises; the second is determined by the nature of the ownership system of township and town enterprises; and the third is determined by the development needs of the township and town enterprises themselves. These answers can explain certain problems but have not explained the inevitability of industry subsidizing agriculture. However, I do not concur with certain of their points in their exposition of the three reasons.

When we invest in a production department, we intend to obtain a definite amount of profits. Because of the differences in the production conditions and market conditions of different production departments, the profit-earning level of the same amount of investments is different in different departments. At present, in our country, comparing agriculture with industry, profit-earning in agriculture shows a relative downward tendency. Given the same 1 yuan of investment, the benefits from agriculture cannot match those from industry. Hence, peasants are no longer willing to make more investments in the land and furthermore there is the possibility of their transferring their capital to investments in other production departments. With the reduction in investments in agriculture, production may decline and there will be a reduction in the output of agricultural products. Under the full operation of the market mechanism, the prices of agricultural products will rise, up to the point that agriculture can obtain an average profit. But agricultural products, especially grain, are consumer goods and industrial raw materials with a bearing on the national economy and the

people's livelihood. All the parties concerned cannot stand too high a rise in their prices. Ours is a socialist country. On the one hand, it is necessary to protect the interests of the producers and ensure agriculture to develop at a definite rate; on the other hand, it is necessary to maintain the interests of the consumers and ensure that the standard of living of the consumers will not be lowered. Hence, in addition to appropriately readjusting the prices of the agricultural products, the state will employ various means such as finance and taxation, to directly or indirectly help and subsidize agriculture. The various kinds of funds used in the subsidies mainly come from the state's industries and profits from other nonagricultural pursuits. This is the way a state carries out in a planned manner the redistribution of the national income and ensures the proportionate and coordinated development of the national economy. Township and town enterprises making use of industry to subsidize agriculture is also one way of industry subsidizing agriculture and this is like the redistribution of the national income. However, it is not arranged by state plan but is carried out by the peasants themselves readjusting the relationship between industry and agriculture within the rural economy. Below, we shall further analyze why township and town enterprises should subsidize agriculture.

First, it is determined by the economically subordinate character of township and town enterprises. The main constituent portion of township and town enterprises is township and town industry. The gross output value of township and town industry makes up over 70 percent of the gross output value of township and town enterprises. Township and town industry is also an important constituent portion of industry as a whole. In 1985, the gross output value of township and town industry made up 20 percent of the gross output value of the national industry. As an important constituent part of industry, township and town industry bears some of the responsibility of industry subsidizing agriculture. It is duty-bound to do so and this is perfectly reasonable. Although Comrades Wu and Li did mention the subordinate character of township and town enterprises, they only pointed out "township and town enterprises being one of the constituent parts of the rural economy" and "belonging to the sphere of rural economy." This still cannot determine that township and town enterprises must carry out subsidizing agriculture with industry. This is because there are still many constituent parts in the sphere of rural economy but not each and every department wants to subsidize agriculture nor can each and every department subsidize agriculture.
As for the claim that in the township and town enterprises "the staff members all have the dual character of being both workers and peasants, do not change their domicile, maintain the same relationship in regard to the supply of oil and grain and continue to be peasants," this is the usual social relationship and there is no reason to demand of them to financially subsidize agriculture.

Second, the economic realization of the right of ownership of the township and town enterprises. Comrades Wu and Li correctly pointed out that "industry subsidizing agriculture was determined by the nature of the system of ownership of the township and town enterprises" and that "township and town enterprises belonged to the township and village cooperative economic organs of a regional character...owned by the peasants of the whole township and whole

village." But they failed to further analyze why joint ownership by peasants of the whole township or whole village must make it necessary to subsidize agriculture. Peasants engaging in agricultural production do not directly participate in the production of township and town enterprises and what they receive from the township and town enterprises is not income for labor. This income is derived from their ownership right of the township and town enterprises and is the realization economically of the ownership right of township and town enterprises. If the peasants cannot obtain a definite income from the township and town enterprises, then it cannot prove that they are among the owners of the township and town enterprises. At least, in such a case there is no economic realization of this right of ownership.

Third, a kind of payment of fees for the use of resources. Comrades Wu and Li believed that by industry subsidizing agriculture township and town enterprises are helping agriculture; following agriculture's development, the development of township and town industry is promoted. Help and support are always reciprocal and the benefits are mutually shared. Here, we still cannot see the reason why township and town enterprises must economically subsidize agriculture. Of the three reasons listed here by the authors, not all of them can stand. For example, the first reason was that "because the peasants feel the need for them and earnestly protect them, they can thus exist." Could it be because of this, the township and town enterprises feel grateful and respond with offerings to agriculture? Obviously, this is not the explanation. Furthermore, the third reason mentioned was that the development of agriculture would provide township and town enterprises with a wider market. This also cannot form the basis for industry subsidizing agriculture, because agriculture and industry provide a market to each other and viewed from the angle of commodity exchange is exchange at equal value, there being no case for subsidy or compensation. Only the second reason can stand. Agriculture provides township and town enterprises with raw materials and land as well; hence township and town enterprises in return must give agriculture a definite subsidy or compensation. This is like paying fees for resources. Since agriculture supplies township and town enterprises with raw materials, the latter subsidizing the former is equivalent to investing in raw materials construction. Under the current conditions of the downward trend of the prices of raw materials, the payment of a fee is reasonable. Moreover, since township and town enterprises occupy and use agriculture's land, due compensation should also be made. The occupation and use of other agricultural resources by township and town enterprises likewise should all be on a compensatory basis.

The cause of economic problems should be sought from economic facts and explained from economic relations. The inevitability of industry subsidizing agriculture originates from the objective demands for the proportionate development of industry, agriculture and the national economy. Why should township and town enterprises subsidize agriculture? First, because the principal constituent portion of township and town enterprises is industry and therefore should bear a part of the responsibility of industry subsidizing agriculture; second, because it is the economic realization of the peasants' ownership right of the township and town enterprises; and third, because it is a kind of payment of fees for the occupation and use of agricultural resources.

Essence of Industry Subsidizing Agriculture--Redistribution of Rural National Income

Comrades Wu Rong and Li Peng contended that industry subsidizing agriculture was "the regional cooperative economic organs carrying out their own functions of making internal adjustments" and "never was equivalent to equalitarianism and the indiscriminate transfer of resources between different accounting units," and that "since within a composition under the same ownership system it is necessary to enforce the same level of distribu- according to work...it is inevitable that highly remunerative industry subsidizes with its profits, agriculture which yields no, or little, profit" and that "this basically conforms to the Marxist principle of distribution according to work." These contentions were correct to a certain extent, but not completely. For example: Industry subsidizing agriculture is not merely the function of regulation within the same accounting units but also includes readjusting the interest relationships between different accounting units. Thus, industries run by combined bodies and industries run by individual bodies should likewise carry out industry subsidizing agriculture. Similarly, industry subsidizing agriculture is not the problem of distribution according to work within a structure of the same ownership system. For example, industry subsidizing agriculture in the case of organs of different ownership systems cannot use distribution according to work for explanation; even though industry subsidizing agriculture takes place within organs under the same ownership system, the principle of distribution according to work cannot be wholly used for an explanation because distribution according to work relates to the principle of distribution of consumer goods to individuals whereas in the case of industry subsidizing agriculture the subsidy may be on the production sector, or on the social welfare sector or even on outside the social sector. How then can the principle of distribution according to work be used in explanation? To reveal the rational nature of industry subsidizing agriculture, it is necessary to go deeply into studying the real nature of industry subsidizing agriculture.

The real nature of industry subsidizing agriculture is the redistribution of the rural national income. Rural national income is the newly created value, that is, the net output value, within a specified period of time, by workers of rural material production departments. The initial distribution of the rural national income is first carried out internally in agriculture and in the township and town enterprises, separately forming tax payments to the state, enterprise funds, and individual consumption funds. Since there is a rather great disparity in profit earning between agriculture and other industries and trades, in order to stabilize agriculture's development, it is necessary to carry out a redistribution of the rural national income after the initial distribution. Industry subsidizing agriculture is an important form of redistribution of the rural national economy. It calls for subsidizing agriculture in diversified forms with a part of the national income created by the township and town industry and other departments, so as to promote the coordinated development of the various trades in the rural villages. What is of importance here is the extent of industry subsidizing agriculture. It is necessary to make clear how much industry must give out in order to subsidize agriculture so as to ensure it still possesses the

capacity for expanded reproduction and at the same time can promote the development of agriculture. If too much is taken out and in excess of the industry's capacity to bear, then it not only will wreck industry but in the end will not benefit agriculture.

To be able within an accounting unit to coordinate well the proportionate relationship between agriculture and industry and to perform a good job in attending to the problem of income distribution to the members engaged in agricultural pursuits and those engaged in industrial pursuits, it is necessary to abide by the principle of distribution according to work. Just as Comrades Wu and Li pointed out: "The best form of computing remuneration with the same standard is to compute on the basis of labor time and labor intensity; the high or low profit-earning rates of the various trades should be disregarded and only the labor time and the labor volume expended by (Note--should be the labor intensity) the persons of the trades concerned should be taken into the computation." However, here we should take note of an already changed condition: Agriculture has enforced the two operational stages of the contract responsibility system with remuneration linked to output and unified distribution and integration [tong-fen-jie-he 4827 0433 4814 0678]. Corresponding to this, distribution in the rural villages is carried out in two stages. First, it is the distribution of the contracted economy of the peasant households and distribution in the form of salaries and wages to the staff members and workers enforced by the township and town enterprises. But under the current socialist conditions, distribution according to work can only be realized through commodity exchange. Products created or made by workers in industry and in agriculture expending an equal volume of labor frequently fetch unequal value in commodity exchange. Under such conditions, it is necessary to carry out distribution of a second stage, that is, within the accounting units of a collective economy, a definite subsidy be given to peasant households engaging in agriculture and receiving relatively less income. And this is already the redistribution of the rural national income. It can thus be seen that in industry subsidizing agriculture within a structure under the same ownership system the principle of distribution according to work is not the only principle to be followed but other principles should also be followed.

Selection of the Form of Industry Subsidizing Agriculture

Regarding industry subsidizing agriculture, Wu Rong and Li Peng believed that "in the past, industry subsidizing agriculture mainly consisted of using the profits of township and town enterprises for distribution to the peasants.... At present, certain villages in the economically developed areas in the southern part of Jiangsu Province have already changed this method. They are using the profits taken from the township and town enterprises principally to realize agricultural mechanization, strengthen capital construction of farmland and to build a healthy agricultural service system and rural basic facilities, so as to create the conditions for appropriately enlarging the scale of land operation." In this article, Comrades Wu and Li generalized these methods as "industry building agriculture," and suggested, "from now on, 'industry subsidizing agriculture' should be changed to 'industry building agriculture.'" (Footnote 2) (Wu Rong and Li Peng:

"Industry Building Agriculture Is the New Road To Developing Agriculture in Developed Areas," ZHONGGUO NONGCUN JINGJI, No 3, 1986) There are reasonable and worthy parts in the suggestions of Comrades Wu and Li. But in my opinion, the concrete forms of industry subsidizing agriculture are many and diversified. The choice of any particular method of subsidization should be governed by the actual conditions and we should suit measures to local conditions.

The essence of industry subsidizing agriculture is the redistribution of the rural national economy and is a problem in distribution regardless of the form adopted. At present, there are many concrete forms of industry subsidizing agriculture. In general, there are the following four forms: 1) Using the profits of township and town enterprises to subsidize the peasants' individual income; 2) using the profits of township and town enterprises to subsidize agricultural production and strengthen agricultural capital construction, that is, industry building agriculture; 3) using the profits of township and town enterprises to lighten the peasants' social burden; and 4) using the profits of township and town enterprises to pay for the peasants their deductible social obligations such as paying for them the agricultural tax and so forth. The last two forms of subsidies have rather serious drawbacks: 1) They blur or confuse the relationship between the peasants and the state or collective. Since the peasants use the land in tilling and farming, they should be obligated to pay taxes to the state and to perform various services to the collective. If the profits of township and town enterprises are used to perform such commitments for them, it is easy to lighten the peasants' concept toward the state and the collective. 2) They make the peasants' burden devoid of a rational standard. Therefore, in general, these two forms should be avoided. As for the first two forms, the first form uses the profits of the township and town enterprises to directly increase the income of the peasants, being a subsidy on the consumption sector; the second form subsidizes the production sector and through the channel of improving the agricultural production conditions and increasing the agricultural output it indirectly increases the peasant's income. The two ways converge on the same objective, that is, increasing the peasant's income. Both of these forms should be adopted.

Should industry subsidizing agriculture develop in the direction of industry building agriculture, or, should industry building agriculture replace industry subsidizing agriculture? First, industry building agriculture is only one form of industry subsidizing agriculture. Hence, it is not fitting to put them in a parallel status. Second, the reason for industry subsidizing agriculture is that agricultural benefits are comparatively lower than those from industry. In order to ensure that the individual's income of agricultural personnel is not lower than that of industrial personnel, it is necessary to use the profits of industry to subsidize the individual's income of agricultural personnel with the great proportion of this subsidy used on consumption. The basic cause of agriculture's relatively low benefits is poor production conditions. In order to improve the comparative benefits of agriculture, it is necessary to basically change the production conditions, changing "blood transfusion" to "blood making." This will require subsidizing agricultural production. It can thus be seen that the

two forms of industry subsidizing agriculture have different functions and roles. They are both needed in the rural areas and neither can be overlooked. It is just like a sick person needing both a "blood transfusion" and "blood making," and we should not stress one and not the other. Subsidizing consumption is for the sake of the peasant's current interests while subsidizing agricultural production is for the long-term interests of the peasants. We cannot care only about current interests and forsake the long-term interests. Under different conditions we should stress different forms. In my opinion: In economically backward regions, the profits of township and town enterprises may principally be used to subsidize the peasants' consumption while in economically developed regions they should principally be used to subsidize agricultural production; in the majority of areas, currently it is necessary principally to subsidize the peasants' consumption while, following their economic development, we should appropriately increase the subsidization of agricultural production. If we go against the objective demands of economic development and blindly proceed with industry building industry, then contrary results may be obtained and the enthusiasm of the populace will be dampened. In addition, since at present peasant households are bearing and discharging a fairly large portion of the function of making accumulations, if the portion of the profits of township and town enterprises used on subsidizing agricultural production increases too rapidly, the peasant households may tend to automatically reduce the accumulations and increase consumption.

Industry subsidizing agriculture is a policy problem and is also a theoretical problem. In addition to the several problems discussed above, there are still certain other problems, such as the problem of the relationship between the state subsidizing agriculture and township and town industry subsidizing agriculture, the problem of determining the extent of township and town industry subsidizing agriculture, the problem of the forms of industry subsidizing agriculture, the problem of the effects of industry subsidizing agriculture, and so on and so forth. They all need to be earnestly discussed.

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CSO: 4004/2

BEGINNING THE TALK WITH THE PUBLICATION OF 'BE GEARED TO THE WORLD BOOK SERIES'

Beijing RED FLAG in Chinese No 18, 16 Sep 86 pp 38, 39

[Article by Gong Yuzhi [7895 5148 0037]]

[Text] The first batch of 10 kinds of books of the "Be Geared to the World Book Series" edited by the Liaoning People's Publishing House was published last spring during the national book exhibition. I have carefully or roughly read them and think they are worth recommending to the readers. It is said this batch of books has been reprinted. This shows it has been well received by the readers.

Over the past few years, books or book series that introduce and evaluate and expound on foreign ideological and academic trends have mushroomed. This is an achievement of our country's policy of opening up to the outside world. As an unswervable basic state policy that we have established through summing up the historical experience and lessons gained by our country and the world, being geared to the world and opening up to the outside world is applicable not only to the construction of material civilization but also to that of spiritual civilization. Science and culture is the spiritual wealth of the world and the whole human race. Refusing to understand foreign science and technology or to assimilate all positive achievements of the science and culture of foreign countries makes it difficult for a nation to progress. As a result, it will lag behind the progress of the world.

In modern China, the rise of the old democratic revolution could not be separated from the spreading and influence of Western culture--Western bourgeois democratic culture. Yan Fu translated well-known Western books and thus did earnest and useful work. Even now, we still publish "Book Series of Well-Known World Books Translated by Yan Fu." The rise of the new democratic revolution could even less be separated from the spreading of foreign ideological trends in our country since the "4 May" movement. The October Revolution and the spreading of Marxist ideology played a particularly decisive role. When Comrade Mao Zedong was young, he thirstily read books and "wanted to learn the cream of all Chinese and foreign and ancient and modern theories from translated books and articles by contemporary talented people in newspapers and magazines in order to have clear concepts about them." (To Zhou Shizhao, March 1920) He wanted to make a choice among them to find the

truth to save our country and people. The first article in the recently published "Selected Reading of Mao Zedong's Works," entitled "Speech at Changsha Congress of the New People Society" (January 1921), marked Comrade Mao Zedong's final choice of Marxism-Leninism from among many kinds of Chinese and foreign doctrines and theories. The books that helped Comrade Mao Zedong understand Marxist theory (including the "Communist Manifesto" translated by Chen Wangdao, Karl Kautsky's "Class Struggle," and Kekapu's [0344 0595 2528] "History of Socialism" which he time and again mentioned) were all of certain kinds of book series. At that time, there were very many book series that expound on foreign ideological trends. It is a pity that owing to the turbulence in the society, most of these book series were out of print soon after their emergence and there has not been any long-term systematic publication. However, the influence of some of the important translations of books among them has not disappeared along with the disappearance of the book series.

We are now carrying out our socialist modernization program. In the period of revolution, we often said that Chinese revolution was a part of world revolution. Now, in the period of construction, we should continue to say that the development and progress of China is a part of the development and progress of the world. If we say that in time of revolution we needed to understand foreign ideological trends, then in time of construction we have an even greater need to extensively know all the achievements and newest trends of development of foreign science and culture. We should assimilate the cream and also know about negative and even reactionary things. We should be informed on what the various kinds of people with deep and outstanding thinking are thinking and discussing and taking part in the thinking and discussion on the basis of our reality and history and by the application of our knowledge and wisdom. Being geared to the world, understanding the world, viewing China from the point of view of the world, and viewing the world from the point of view of China is the world view we ought to have. It is also a demand of our internationalism. I hope that the "Be Geared to the World Book Series" and the book series of this kind that have already been or will be published will play their positive role in helping us understand and take part in the thinking and discussion in the modern world. As we have now already been provided with an environment of stability and unity for our construction, I hope that book series of this kind will be published for a long time in a systematic manner with the persistent efforts of the editors, writers, translators, and publishers. It is not difficult to publish a few kinds of books, but it requires perseverance, ability, dedication, and a sense of responsibility to persist in publishing the series for 10 or more years with the publication of several or a dozen of kinds each year, to ensure the quality of the publication and be particular in maintaining a good reputation. This is not an easy thing to do, but it benefits our science and culture and is useful for our country and nation. It is a job that will win respect and honor. The basic point of the construction of our spiritual civilization is construction. Publication of various kinds of book series in a systematic manner is an important part of the construction of spiritual civilization.

It is difficult to comment on all the specific contents of various kinds of books in introducing a book series. From the point of view of the overall characteristics of the book series, the books in this series are not translations but edited materials. In other words, things in these books have been synthesized and digested by the writers. In some of them, the writers comment on and elaborate on the theories. They are not specialized academic works for experts, but are aimed at readers of a certain educational level (maybe at senior middle school level?). They also have some readers who have academic interest. The books are not long (about 100,000 characters each) and are highly readable. In selecting the topics, attention has been paid to new and comprehensive themes and to the interlapping and merger of various branches of science and to the textbooks on the knowledge that are not branches of basic sciences. It is better to discuss them in the light of the situation in China--this is my suggestion after reading them.

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COMMENTS ON THREE POINTS CONCERNING MAKING ON-THE-SPOT DECISIONS

Beijing RED FLAG in Chinese No 18, 16 Sep 86 p 39

[Article by Li Jinduo [2621 6855 6905]; excerpted from LILUN XUEXI [THEORY STUDY] No 6, 1986--capitalized passages published in boldface]

[Text] Many leadership cadres have gone deep to offices at grass-roots levels to work and to make on-the-spot decisions on the "greatly difficult" problems of long standing in certain units and have received support and approbation from the masses.

Problems solved by on-the-spot decisions usually touch on a wide area, are strong in policy character, and are relatively complex. In order to make correct decisions and to handle them in an exactly proper manner, leadership cadres should take note of solving well the following several relationships:

RELATIONSHIP BETWEEN MAKING ON-THE-SPOT DECISIONS AND INVESTIGATION AND RESEARCH. To make correct decisions, the leadership should know clearly the conditions, go deep into the grass roots to make a detailed investigation and study, be well-prepared and never go to the front abruptly. In order to correctly solve the problems and make correct decisions and policies, it is absolutely necessary to do hard work in investigation and study. To air views on the basis of impressions obtained from reading reports and reference materials, the "decision" that follows may not be correct. Only by means of, prior to making an on-the-spot decision, personally obtaining a clear and full understanding of the cause of the growth of the problem, its development and results, striving hard to find the real character and true nature of the matter and grasping the reliable first-hand materials, can a correct decision be made.

RELATIONSHIP BETWEEN LEADERSHIP AND FUNCTIONAL DEPARTMENTS. In order to bring into full play the enthusiasm and creativeness of the lower-level functional organs, first, it is necessary to make clear who should "make" the "decision." The main duties of the leadership are: to produce ideas, to use the cadres but not to grasp in their hands all matters whether big or small. Problems absolutely requiring solution by the upper-level leadership organs must be those matters which the lower-level organs truly cannot solve because of special conditions or because they exceed the limits of their duties and powers. As for matters within the duties and powers of

the lower-level functional departments, upper-level leadership organs in general should not meddle in them but should help and support the lower-level organs to make the decision which should be theirs. Second, in making on-the-spot decisions on problems, do not proceed to the scene alone but should take along the responsible comrades of the relevant departments so as to facilitate the various units to work with each other and make coordinated solutions. Third, prior to making a decision, it is necessary to do the utmost in liaising with the relevant functional departments and in unifying the understanding so as to avoid meeting new impeding forces when making the on-the-spot decision.

RELATIONSHIP BETWEEN INDIVIDUAL RESPONSIBILITY AND COLLECTIVE LEADERSHIP. The party's organizational principle is democratic centralism which is to be realized through collective leadership and division of work in responsibility taking. On the one hand, leadership cadres should dare to take up the responsibility and solve tricky problems; regarding problems within the limits of one's duty and power which can be solved by one's own self, it is not necessary to take each and every one of them to the office to examine and study and those that should be decided on should be decided on boldly. On the other hand, it is necessary to consider the wishes of the collective leadership, to place one's self inside the collective leadership and never to consider one's own individual opinion first. In handling matters within the scope of one's own study and authority or important problems, it is necessary to discuss one's own thinking and the problems concerned with other leadership comrades, so as to be benefited by exhaustive consultation and collective wisdom.

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STUDY THEORIES, INCREASE THE ABILITY OF THEORETICAL THINKING

Beijing RED FLAG in Chinese No 18, 16 Sep 86 pp 40-43

[Article by Shen Xianhui [3088 7359 1920], director of the Propaganda Department of the Liaoning Provincial CPC Committee]

[Text] Studying fundamental Marxist theory and being good at theoretical thinking is an indispensable quality for our party cadres, especially leading cadres. In the current period when we are carrying out our modernization program and all-round reform, in order to creatively fulfill the tasks assigned by the party and state and in order to promote the development of our socialist cause, we should particularly improve our mastery of the theory.

I

In Engels' "Preface to 'War of German Peasants'" he pointed out, one of the strong points of German workers was their accomplishment in theory. "If our workers had no sense of theory, then it would by no means be possible for scientific socialism to be so deeply rooted in their minds as it is now." ("Collected Works of Marx and Engels," Vol 2, p 300) Engels regarded the lack of interest in all theories as a major cause for the slow development of the British workers movement in the 19th century. In his old preface to the book "Anti-Duhring," in order to counter the tendency of negating theory in Germany that had emerged since the failure of the revolution in 1848, he pointed out, "If a nation wants to stand at the highest peak of science, it can never for a moment dispense with theoretical thinking." ("Collected Works of Marx and Engels," Vol 20, p 384) Without scientific theoretical thinking, "superficial ideology," vulgar materialism and various kinds of electicism will prevail and thus give rise to "confusion and turmoil" in people's minds.

A workers movement itself cannot spontaneously give rise to Marxism and it is necessary for workers to be imbued with Marxism by others (this of course does not mean that in carrying out theoretical education we can overlook methods and ways). In order to rouse and organize the masses of people, to achieve victory of revolution, a proletarian political party must often arm its vanguards and the vast number of workers and peasants with communist theory and heighten their revolutionary awareness and confidence in their struggle. At the same time, only by applying the Marxist stand, viewpoints,

and methods can it formulate the line, principles, and policies that meet the objective reality and that can solve the various problems in the development of the revolution. Therefore, if a political party is not good at making theoretical analysis and thus obtaining theoretical understanding of complicated situations and problems, it will not be able to effectively lead the masses of people in carrying out their struggle. These are "old theses" but still we should not forget them.

Theoretical thinking is extremely indispensable not only in the period of revolution but also in the period of construction. For a long time after our country entered the period of socialist construction, dogmatism and personality cult grew and spread inside and outside our party. As a result, our vast number of party members and cadres relied only on the instructions from above and on books and could not apply the basic principles of Marxism in creatively solving the various problems in our socialist construction. They could only speak and act in accordance with the requirements of the two "whatevers," but could not and were not allowed to proceed from the reality and think independently in dealing with the problems of rights and wrongs and advantages and disadvantages in our economic work and political life. The influence of this "leftist" guiding thought caused the whole party to lack a sense of theory and to have poor understanding of the theory and has made our country's socialist construction deviate from the scientific orbit of Marxism for a period of time. The 3d Plenary Session of the 11th CPC Central Committee corrected the mistakes of dogmatism and personality cult and greatly roused the whole party's and nation's interest in theory through the discussion on the criterion for truth and thus urged people to renew their understanding on the rights or wrongs of major issues of line and the rights and wrongs and experience and lessons in our history. Just think, could there have been such a vigorous situation today if we did not have the basic Marxist principle of practice being the only criterion for truth that our whole party has followed if we had not summed up again the historical experience that we had gained from our socialist revolution and construction, if we had not redefined in a scientific manner the key task for the proletariat after it has won the victory of its revolution, if we had not conscientiously considered and probed into the economic system that we have implemented for many years, if we had not carried out a brave analysis and research into the problems and defects in the leadership system of our party and state, and if people had continued to copy old models in their work and life? Conversely, the brand-new situation that has emerged at present and that has been unprecedented since the founding of the PRC is precisely closely related to our party's close attention to theory and good skill in theoretical thinking. From this we can even more profoundly understand the great significance of the call of the CPC Central Committee that all the cadres in our party, old or new, must study Marxist theory.

## II

At present, our country is carrying out an all-round reform. The essence of this reform is to build a socialism with Chinese characteristics under the guidance of Marxism and in the light of the reality of China. Theoretical thinking is indispensable in any step of progress of the reform.

First, from the point of view of its nature, the reform that we have been carrying out, is the self-perfection and self-development of our socialist system; while from the point of view of its aim, we carry out the reform in order to give even fuller play to the superiority of socialism. Therefore, in order to enable our reform to develop healthily and effectively, we must give theoretical explanations and answers to the new situation and problems that have emerged in our reform process in the light of the basic Marxist principles on socialism. By so doing we will understand the essence of the influence of each actual step of reform on the development of the society in our country and be able to remain sober-minded and keep the initiative in our hands in a very complicated situation, maintain good order and prevent the practice of blindly following the trend in doing our leadership work, and various other specific works.

Marxist basic principles on socialism are the pillar of our reform. It is precisely because we have correctly handled the relations of the utilization of foreign capital and development of some individual economy with the development of socialist economy, because we have adhered to the principle of maintaining the dominant role of the socialist public economic sector, because we have correctly handled the relations between encouraging some areas and people to become rich earlier than others and avoiding polarization, and because we have adhered to the path of becoming rich together that our reform has always forged ahead along a socialist orbit. Of course, what we mean by "correct handling" is only in terms of the whole situation. Things are different for each specific area, thing, and person. We should say that now there are many questions that we need to give correct answers to in theory. For example, the questions of whether the socialist economic relations have been strengthened or weakened in view of the development since we began to carry out the reform and the policy of opening up to the outside world, whether the implementation of the family contract responsibility with remuneration linked to output in our rural areas means a retrogression or a positive measure in the process of the development of our cooperative economy, whether we can open our market of means of production and capital market after we have opened up our rural fairs, how we should open them if it is right to open them, how are we to deal with the changes in the forms and even nature of the ownership of means of production that the development of lateral cooperation will inevitably give rise to, and so on. In short we should give theoretical explanations and answers to the various kinds of questions that have been raised in our practical life. If we have no clear views about these questions, our smooth progress will be hindered. Judging by the situation in Liaoning, some cadres are not yet clear about these questions. They often pit adhering to socialist against adhering to the reform. Some of them uphold the former and others uphold the latter. Therefore, they always think that the party's policies do not meet their desire, regarding the policies as being too "leftist" or too "rightist." They hesitate or deviate from the correct path in implementing the party's policies. Therefore, in order to improve their awareness and reduce their blindness, we encourage them to carry out theoretical consideration of and research into the various kinds of problems that have cropped up in our reform. Undoubtedly, this will facilitate the healthy and smooth development of our reform.

Second, our reform is a complicated process of practice. Through the reform, we should abolish the old economic model that hinders the rapid development of our socialist construction and establish a new economic model that can push forward the rapid development of our socialist construction. We have no ready-made answers to the questions of what we should abolish and what we should establish. We have no precedents to follow in doing many things. This requires us to seek truth from facts, emancipate our minds, proceed from reality in doing everything, adhere to the basic viewpoint of practice being the only criterion for truth, think independently, and explore our way in forging ahead. In order to do that, we can never dispense with theory. The practice of reform in Liaoning has proved that the deep development of each major reform began from bringing order out of chaos in theory and from emancipation of minds. For example, an indispensable cause for our success in widely implementing the rural contract responsibility system with remuneration linked to output all over our province and our success in developing and widely carrying out diverse economic forms and management methods for our urban economy, is that we have applied the Marxist principle that relations of production must be suited to the development of productive forces, adhered to the Marxist principle of distribution according to labor, corrected the "leftist" guiding thought of "seeking first big scale and second public ownership" and opposed the mistakes of egalitarianism and "eating out of the same big pot." The very quick development of commodity production and economy in the urban and rural areas in our province cannot be separated from our theoretical understanding of the fundamental nature of the socialist economy and negating the view that restricts and eliminates the commodity economy. Much of our experience has proved that each step of the deepening of our reform practice requires a deeper step in our theoretical thinking. Only then can our reform practice be in line with our understanding of the reform.

We must also realize that since our reform is a process of practice and since at the initial stage of any practice, we must unavoidly make some experiments, there is the possibility of both success and failure. In order to have some foresight about the development of our reform, we should have some mastery of the theory. For from an epistemological point of view, the prospects and trend of the development of things are often not directly reflected in their current phenomena. In order to understand and know the development and changes in the future, we must see through the phenomena on the surface and grasp the essence of these things. Take a certain reform project for example, we should make a scientific analysis of the reasons and conditions for its emergence and a profound research into its relations with the reform in other spheres and its position in the overall situation of the reform, and practically assess its role and its impact on the realization of the general goal of our reform, and so on. In regard to forecasting, there are short- and long-term forecasts and microscopic and macroscopic forecasts. The longer the term of forecast and the more macroscopic the forecast, the more complicated the job and the greater our need for the guidance of theory. The complicated nature of the reform requires people to have a deep understanding and firm faith in theory. If we are ignorant about or have a shallow understanding of theory, we will lack a deep or systematic understanding of the reform. Then in the face of many interacting and

complicated problems, we will inevitably be at a loss as to what to do and will merely echo other people's views. In particular, when there is a debate over a certain issue or some twists, turns or failures, it will be difficult for us to keep our minds sober or to maintain firm confidence.

III

At present, there is a tendency to "overlook" theory among some comrades. From the point of view of the situation in Liaoning, there are the following causes for this tendency: First, some comrades are at leading posts and have grasped important power in their hands; therefore, they wrongly think that "Marxism is needed in carrying out the revolution while power is needed in carrying out construction." During the 10 years of turmoil, this erroneous thought was intensified by the reactionary theory of Lin Biao and the "gang of four" that "power means everything." As a result, "theoretical study is useless" often becomes a pet phrase among the comrades with this erroneous idea. Since these comrades have lost interest in theory, they have also lost the ability to think and work independently. Second, some comrades are disgusted with the so-called movement of theoretical study that was carried out under "leftist" guiding thought, in particular, with the evil practice of using theory to carry out intrigues in the 10 years of turmoil; therefore, they have a muddled idea about the strict demarcation line between the false Marxism advocated by Lin Biao and the "gang of four" and Marxism itself and about the strict demarcation line between the study movement under the guidance of "leftist" thoughts and the normal study and research of Marxism today. As a result, they adopt a negative attitude toward theoretical study. Third, since the beginning of the overall reform in our economic system, some comrades have got the idea that Marxism which is based on the class struggle between the working class and bourgeoisie cannot be applied to economic construction and has become "outdated"; therefore, their interest in theoretical study has weakened day by day. Some of them even erroneously think that theory is in conflict with reform and that the greater the sense of theory, the more greatly one is fettered in carrying out the reform. Therefore, they consciously evade the research into, and consideration of theoretical issues.

From an ideological point of view, in order to change the situation whereby some comrades lack interest in theory and in order to rouse the vast number of our cadres to be interested in theoretical study and to consciously study theory, it is necessary to carry out the education in serving the people wholeheartedly and in the lofty goal of communism and thus heighten our cadres' sense of historical responsibility. Only when a cadre is really much interested in the work he is doing and only when he has an earnest desire to pursue truth and probe into the laws can he often feel the need for the guidance of Marxist theory. On the other hand, if a cadre is very selfish and has not been freed from the fetter of the idea that "power means everything," then for him power is more important than truth and theory naturally becomes something alien to him. From a political point of view, it is necessary to eliminate the influence of "leftist" thoughts in the sphere of theoretical study. We should not only continue to heighten our cadres' understanding of the necessity and importance of the study of Marxist

theory, make a strict distinction between the theoretical study today and the practice of Lin Biao and the "gang of four" who utilized theory to carry out political intrigues, and resist and overcome the various influences of the erroneous ideological trend that plays down Marxism; but we should also earnestly pay attention to the reform in our study itself, thoroughly eliminate the poisonous influence of dogmatism, pragmatism and the idea that "a large-scale criticism opens up the way," conscientiously encourage and carry on the style of study of emancipating the minds, seeking truth from facts and linking theory with practice, and create a democratic atmosphere for our theoretical study and discussion. From the point of view of cognition, we must correct our understanding of the relations between theory and practice. Theory and practice are in a dialectic unity. Theory cannot be divorced from practice nor can practice be divorced from theory. All the ideas and practice that negate theory by practice or that negate practice by theory are wrong.

The most direct way to train our cadres to be interested in theory, to improve their mastery of theory and to augment their capacity for theoretical thinking is to constantly organize them to study Marxist theory and carry out research into and discussion about theoretical and practical problems in order to enable them to understand the great guiding significance of theory and gradually form a fine habit of using theory to promote their practice work. The key to the question of whether our cadres can form a habit of theoretical study is whether the leading cadres can take the lead in doing that. The interest in theory, ability and habit of a leading cadre with a strong sense of theory can often affect a group, a department, and even an area. Since the beginning of this year, the members of the standing committee of the CPC committee of our province has formulated a 12-clause regulation on their own theoretical study, which is aimed at solving the long-standing problem of neglecting study whenever we are busy and at regularizing our study. Soon after the formulation of these regulations, the news about this was spread to the lower levels and provoked strong response there. The leading comrades in quite a few areas and departments have also conscientiously formulated their own study plans. This has proved that as long as our leading cadres take the lead in persisting in studying theory, they will push forward the theoretical study of the vast number of cadres and thus gradually give rise to a fine situation of studying, applying and developing theory.

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WHAT IS THE ROLE OF LATERAL ECONOMIC ASSOCIATION IN PROMOTING SCIENTIFIC AND TECHNOLOGICAL PROGRESS?

Beijing RED FLAG in Chinese No 18, 16 Sep 86 pp 44-45

[Article by Yu Weidong [0060 4850 2767]]

[Text] Development of scientific research and the lateral association of production is the natural tendency of modernized production, being the innate demand of a socialist planned commodity economy. Under the conditions of commodity production, the lateral association of enterprises can make the various production factors become all the more rationally integrated and the association itself will inevitably promote the spread and transfer of advanced technology, facilitating the progress of science and technology.

First, lateral economic association speeds up the process of the conversion of the results of science and research into productive forces. For the results of science and research to become real productive forces requires a conversion process from experimentation to batch process. Under the traditional structure of the demarcation of spheres of influence between departments and regions, due to the limitations in capital and production conditions, on the part of the scientific research units, certain scientific research results, though originally possessing considerable vitality and prospects, cannot go into expanded trial production, after having successfully gone through minor experimentation. Hence, production enterprises frequently lack sufficient confidence in the prospects of the scientific research results they have taken over while the scientific research units themselves bear no responsibility for the production and operation benefits of the transferred results. This naturally affects the transfer of the results of scientific research, keeping certain new technologies and new artcrafts for too long in the stage of being or making sample products, exhibition products and gifts. These results, then, cannot be transferred into real productive forces.

The lateral association of enterprises breaks through the bondage of the traditional management structure. It organically integrates into a single body a series of links and stages such as scientific research, planning, intermediate tests, test production in small batches, batch production, production transformation and promotion and offering of new products. It

carries out a joint solution of difficult problems by means of the employment of many branches of learning, many specialities and many artcrafts and brings about the coordination of production capacities. It can, based on market needs and changes, promptly link together, dragon like, scientific research and production, thereby noticeably improving the applied rate of scientific research results and socioeconomic benefits and accelerating the process of conversion of scientific technology into productive forces. For example, in Dalian, the association of scientific and technological planning and production in printing of textiles is a joint project for the development of new products through scientific research, organized by two higher institutions of learning, six research bureaus and 18 textile and chemical industrial enterprises. Within 2 years' time, the association developed over 500 kinds of new products and new artcrafts and the enterprises concerned increased their profit earnings by several tens of million yuan. Meanwhile, the association's scientific research units, by means of jointly attacking problems, transfer of technology, giving advice to inquiries, and rendering technological services and so forth, all have managed to obtain a stable economic income, thus strengthening their self-development capacity and laying a material foundation for the continuous research on and forming new technologies and new artcrafts.

Second, a lateral economic association promotes technology transfer and the spread of technologies among the industries and trades, departments and regions. Through the lateral association organizing many enterprise groups which operate across provinces and regions and turn out well-known, superior and special products for export, specialized cooperative production network is formed and, on a trade and industry-wide scale, rational arrangements of the elements of productive forces are achieved. This improves the enterprises' production conditions, raised the labor productivity rate and thereby promotes technological transformation and technology progress on a trade and industry-wide basis. Furthermore, a lateral association promotes the transfer of technology from the war industry departments to departments producing articles for civilian use. Since the establishment of the PRC, our country has formed an independent and integrated military scientific research and industrial structure. The military scientific research and production units all have great technological strengths, advanced equipment and responsible, capable personnel. The four war industry departments alone, including the ordnance industry and the aviation industry, possess fixed assets equal to one-fourth of those of the machine-building industry in the whole country but their gross output value is less than one-tenth. Thus their equipment, tools and technicians all have not fully displayed their role. The lateral association between military scientific research and production departments and civilian enterprises can facilitate the transfer of scientific technology and promote the civilian enterprises' technological progress. According to statistics, in 1983, the transfer of military technologies to civilian use amounted to a little over 400 items, in 1984 it went up to over 8,000 items and in 1985, over 20,000 items. A large number of units of the war industry have set up liaison offices and branch factories for the transfer of technology in Hangzhou, Jiaxing, Ningbo, Wenzhou and other coastal cities and areas. In Jiaxing and Wuxi, a high-technological enterprise group with electronics technology as the center is

being set up. Lateral associations also promote the transfer and spread of science and technology among the regions. The imbalance in economic development in our country has brought about a higher scientific and technological level in the eastern regions than in the middle and western regions, in the coastal areas than in the interior, in the interior than in the border areas, in large cities and towns than in medium-sized and small cities, and in cities than in the rural villages. Development of lateral economic associations can effectively rectify and improve the imbalanced distribution conditions in technology and economy among the regions and is thus beneficial to the universal improvement in the scientific and technological level of the whole country.

Finally, lateral economic associations facilitate intellectual development and the rational movements of intellectual elements. In promoting the scientific and technological progress of society, fundamentally it is necessary to enable human intellect to be fully developed and utilized. However, the development and utilization of intellect are under the restriction of various factors among which an important one is the personnel management system. In the past, in the management and control of scientific and technological personnel in our country, the ownership system by departments and regions was basically in force. As a result, appearance of the following phenomena was inevitable: On the one hand, because of the scarcity or insufficiency of scientific and technological topics, funds, equipment and teaching tasks, certain scientific and technological personnel and teachers in institutions of higher learning found themselves having nothing to do, being in a more or less useless situation; and, on the other hand, along the first line of industrial and agricultural production, development was stalled due to the dire shortage of scientific and technological strength. Following the intensified progress of the reform of the economic structure and of the scientific and technological structure and educational structure, we have initially broken up the closed-door system of departments and regions having sole ownership of the technicians, and generally holding up the movement and circulation of capable personnel. At the same time, the development of lateral economic associations has opened up the road for the rational circulation and movement of intellect in accordance with the demands of the socialization and modernization of production. An important feature of lateral associations is that the subordinate relationship of scientific and technological personnel is not changed. Through such forms as cooperation in attacking knotty problems, entering into technological agreements and rendering compensatory services such as giving advices and training students, technological people are enabled to step out of the high-walled compounds of research institutes and institutions of higher learning into the vast material production area, and, finding themselves in their posts and environment in which they can fully display their special talents, are integrated with the labor objects and labor instruments, giving full play to their wisdom, talents and creative spirit and forming actual production capacity.

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WHY IS LEASING REGARDED AS AN EFFECTIVE WAY TO IMPORT TECHNOLOGY AND EQUIPMENT?

Beijing RED FLAG in Chinese No 18, 16 Sep 86 pp 45-46

[Article by Tian Tongsheng [3944 0681 3932]]

[Text] Leasing is a form of business operation in commodities in which a lessor company leases products or equipment to users inside or outside the country and collects rent at stated periods from the lessee.

In foreign countries, the scope of the lease and hire business is extremely wide and extensive, ranging from the leasing of large whole-set equipment, ships, airplanes, and computers to articles for individual use. Following expiry of the rental period, the lease may be renewed at a relatively lower rental or the objects under lease may be sold to the lessee at a cheap price or returned to the lessor company. Through the collection of rent and the final disposal of the object of a lease, the lessor company recovers the cost of production and obtains a corresponding profit. In our country, the lease and hire business began in 1982. According to statistics, by 1985 the country's volume of transactions in the lease and hire business had amounted to $827.8 million. Actual practice has shown that under our country's current conditions of being short of capital funds and backward in technology, leasing of necessary technological equipment from abroad is an effective way of importing advanced technology and equipment.

Adopting the leasing method to import technology and equipment takes little time and produces results quickly. Compared with other forms of utilizing foreign capital such as foreign trade and loans, leasing can enable the raising of funds and importing of technological equipment to proceed simultaneously, thus minimizing the complex procedure of having first to approach banks for loans and subsequently entrusting import companies to arrange for the purchase of the equipment. It has the special features of few intermediate stages, rapid speed in introduction, and quick formation of production capacity. For example, the China Hire and Lease Corporation was entrusted to handle the import projects for the Longxi transformer station in December 1983 and the transaction was consummated in January 1984, requiring in all only a month's time. Because of the quick completion of the transaction and the prompt delivery of the goods on schedule, the project was put in operation a year in advance and an increase of 535 million kilowatt-hours in the transmission of electric power was effected.

In adopting the leasing method in importing technological equipment, the lessee enterprise may directly contact and negotiate with the lessor company. This facilitates comparison, examination, selection, spot transaction, and the possibility of other favorable conditions. For example, a certain chief plant manufacturing colored kinescopes employed the leasing method to import a production line. The lease and hire department of the China International Trust and Investment Corporation, entrusted with the project, proceeded to organize the two parties of the lease to negotiate directly with each other. Following consummation of the lease agreement, it was found that the completed transaction price for equipment expenses and engineering and planning expenses was lower by 28 percent than the original estimate, that the technological guidance fee was lower by 35 percent, and that the special-purpose technological fee was lower by 46 percent, enabling the lessee company to ensure the reliability of the technology and also to obtain relatively special and lower prices.

In employing the leasing form in importing technological equipment, the agreement usually provides that the lessor is responsible for installation and maintenance of the equipment, training of the required personnel, technological services, and dangers that may arise. This enables the lessee to obtain relatively better technological services and to more rapidly grasp and know the functions of the equipment and other economic and technological targets so that the imported technological equipment may promptly go into production. Moreover, this provides important prerequisite conditions for subsequent renewal of the lease or outright purchase of the equipment. Simultaneously, it avoids the losses that may be caused by blindly importing the equipment and the original technological strength of the lessee being unequal to the task.

Employment of the leasing method in importing technological equipment can make the enterprise, under the conditions of shortage of capital funds, spend less money but accomplish much. Leasing is different from purchasing because it does not require paying all at once a large sum of money. According to current international practice, the annual rental payable by the lessee enterprise usually amounts to 10 to 20 percent of the amount required for outright purchases. Moreover, regarding the time limit for payment of the rental, the usual practice is that the first rental payment is due 6 months after the equipment has been put in operation. Thus, whether viewed from the angle of business accounting or from that of value creation, the lessee enterprise is very much the beneficiary.

By means of leasing, it is also possible to obtain certain advanced technology normally coming under foreign restrictions. Under the usual conditions, utilization of foreign capital in importing advanced technological equipment, aside from suffering from the influence of the investment environment, frequently meets with certain restrictions imposed by economically developed countries on the export of technology. For example, certain countries, for the purpose of protecting and maintaining their leadership position in technology, exert relatively strict control on technological equipment, banning its sale to other countries. Sales,

whenever made, are also subject to certain conditions. But in adopting the leasing method, the ownership right of the leased equipment still belongs to the lessor party and the deal is not considered to constitute a sale. Hence, in general, it is not affected by the restrictions.

Loans are considered by law as a country's foreign indebtedness. Besides, they are governed by the prerequisite conditions of a definite ability to pay. On the other hand, credits for leasing are not, legally speaking, considered to be in the form of loans. International currency organizations such as the IMF generally do not consider leasing as a country's foreign indebtedness. Hence, through the form of leasing, it is possible to use more foreign capital and to import more technological equipment urgently needed by the country.

The problems that should be noted in leasing are as follows: 1) Since payment of the rental in leasing equipment extends over a prolonged period, interest payment on the rental amount is also required. 2) Rental must be paid in foreign currency. Hence, it is necessary to consider whether the leased equipment, following its entering into production, can turn out products for export and thus procure foreign exchange earnings to pay the rental. 3) Since rental payments extend over a prolonged period, in the interval it is necessary to bear the risks of possible changes in the foreign exchange rate.

In our country, the lease and hire trade is a rather late development. However, it may be anticipated that following the development of opening to the outside world and people's continuing and deepening understanding of the role of lease and hire, lease and hire as an important avenue for using foreign capital to import advanced technology and equipment will play an even greater role in our country's economic construction.

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CSO: 4004/3

ON SIMILARITIES AND DIFFERENCES

Beijing RED FLAG in Chinese No 18, 16 Sep 86 p 47

[Article by Xun Chunrong [5424 2504 2837]]

[Text] Recently, an article stated that when discussing the relation between socialist commodity economy and capitalist commodity economy we should talk only about their "common points" and "seek the similarities but put aside the differences" so as to "study the worthy aspects of the development of commodity economy under capitalism and take them for our own use"; but if we discuss the differences between their natures, then we may cause "confusion in understanding" and are not "helping the reform."

In my opinion, this way of thinking is not correct.

Our understanding of socialist commodity economy has certainly passed through a prolonged process. Starting from the understanding of their time, Marx and Engels did not make any connection between commodity economy and socialism. In his late years, Stalin, though understanding the existence of commodity production under socialist conditions and stressing the role of the law of value, refused to acknowledge the means of production as commodities or that the law of value plays a regulatory role in production. For a prolonged period since the establishment of the PRC, both in theory and in practice, commodity production has been overlooked, sidestepped, or rejected, and at times has even had the cap of capitalism placed on it. Quite obviously, if we confine ourselves to classical thinking or take past understanding as the basis for drawing a demarcation line between socialist commodity economy and capitalist commodity economy, not only can the demarcation not be clearly marked, but also things may be turned upside down and the result will be detrimental to the current reform. However, if we take as a guideline our party's new development in recent years in respect of this problem vis-a-vis Marxism, take the actual conditions of the development of commodity economy in our country in recent years as a basis, carry out a theoretical summing up of socialist commodity economy, conduct a realistic analysis and comparison of the two commodity economies, point out their "differences," and banish people's worries about "developing commodity economy is taking the capitalist road," then there is nothing here to be condemned, and, what is more, are we not precisely "opening up the road" for the reform?

True, socialist commodity economy is just developing. It is not easy to sum up its special features, but its not being easy does not mean that it cannot be done. This summing-up can be developed following the development of actual practice. If we reason that, since socialist commodity economy is currently developing and has not assumed a "set form," it has no "special features" to speak of, then such reasoning cannot stand. In the world, all things are still developing. In this context, all of them have not reached their ultimate "set form." Can it be said then that all of them have no special features in their own nature? If we say that a certain thing does not have any natural special features, how then is it possible to discuss its differences and similarities to other things? We should know that under such conditions, it is impossible not only to "seek the differences" but also to "find the similarities" or to "find the similarities and put aside the differences." In "for my own use," there must be a "self" in existence, but if this "self" does not possess a relatively stable nature, then is not so-called absorbing others' good points "for our own use" the same as taking "other people to be ourselves"?

It is necessary to admit that we know very little about contemporary capitalist commodity economy, but to proceed from knowing little to understanding more, the only way is to make a detailed study of the material and to pursue the study in a painstaking way. Nevertheless, there are two points which seem to be self-evident. Since it is still capitalist commodity economy, then necessarily it must have "common points" with the capitalist commodity economy analyzed in the classical works over a century ago; and since it has been newly developed, inevitably it has differences with the past. Hence, if we do not start from reality, but purely from certain conclusions in the classical works, reasoning from concept to concept, it is definitely impossible to grasp all of its special features. However, if we do not study the classical works and their connection with reality and do not base ourselves on actual material in carrying out discussions, and only hastily "doubt" certain points and affirm certain other points, this, it is to be feared, cannot help in making clear the nature of current capitalist commodity economy.

According to the tenets of dialectic materialism, "similarity" is always contained in "difference." They are a union of antitheses. Inability to make clear "similarity" is inability to make clear "difference." Hence, in studying socialist commodity economy and discussing its relation to capitalist commodity economy, we may write from the side of "similarity" and may act from the side of "difference," or stress "similarity" but not overlook "difference," or stress "difference" and also talk about "similarity." When we read the discussions about the "common points," we need not become tense or strained and when we read about the "points of difference," we need not worry. This is what is called "there is no definite way to write an essay."

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CSO: 4004/2

A 17-YEAR-OLD YOUTH WAKING UP TO REALITY--READING A CHILDREN'S NOVEL ENTITLED 'THE REMOTE RIVER HEAD OF HUANG HE'

Beijing RED FLAG in Chinese No 18, 16 Sep 86 p 48

[Book review by Gai Hongbo [7559 3163 3134]; "The Remote River Head of Huang He" published in ERTONG WENXUE [LITERATURE FOR CHILDREN], No 1, 1986]

[Text] Seventeen is an odd age. When a 17-year-old is lightly touched by the finger of the gray-headed god of time, many adult ways of thinking, still clouded in haziness, will germinate. But surely a 17-year-old is still an adolescent, like a cicada which has just sloughed off its skin. Not many of the works in literature for children I have read deal with characters of this age group, because it is not desirable either to go in great depth or to be superficial and it is rather difficult to grasp the proper depth.

We must thank Chen Li, the woman writer of Henan, who set foot in the world of a 17-year-old adolescent and brought her young leading character from Henan to the remote river head of Huang He. In seeking his father, the leading character discovered the meaning and value of life. This work is of great significance in opening up a new subject-matter area.

The plot of "The Remote River Head of Huang He" is very simple: Lu Ye, obeying his mother's orders, traveled 2,000 km alone to seek his father whom he had never seen before. His parents had been separated for many years. According to law, it would no longer be recognized that he was being brought up by his father once he was 18, but his father would be receiving "a retirement benefit amounting to thousands of yuan." However, he did not find his father, who died half a year earlier in a hydrometric survey. This sad news shocked 17-year-old Lu Ye, but not as greatly as the discovery that the woman who over those 6 months had sent him money on behalf of his father was the good "monba (physician)" who rescued and helped him on his way to find his father, and was also his stepmother--"the bad woman whom he and his mother had always been cursing over the past dozen years or more." Having read the letters to his father written by his mother, he began to understand his mean and philistine mother in a new light. Actually, it was she who 18 years earlier left his father, unable to tolerate the difficult life on the prairies! In the face of various happenings and the sharp contrast between loftiness and philistinism, 17-year-old Lu Ye felt as if he was having the first lesson in life, realizing the difference in people's

spiritual planes and sensing the difficult choices facing him on the journey of life he was going to embark upon.

"Seeking" is the theme of this novel. Although this adolescent, in his initial encounter with life, did not find his father, he did discover his father's lofty spirit. Inspired by this spirit, his attitude credibly changed, progressing from one level to another. This journey on the plateau became Lu Ye's spiritual journey in seeking the meaning of life. This makes me recall Ke Yan's "The Rediscovered World." If the adolescents called "Earl," "Little Buddha," "Song Xiaoli," and so on in Ke Yan's work were seeking a world once lost, or seeking life on a higher plane, then our leading character Lu Ye was shaking off the lowly and trivial mentality characteristic of a nobody and seeking a less passive life with a wider field of vision. He was not yet prepared for action. In his consciousness, there was only a latent impulse inspired by his father's inflexible spirit of devotion to his undertakings, and an aspiration to a happy life. This aspiration was more lofty and charming in the solemn and holy atmosphere of the Qinghai-Xizang Plateau.

The writer has taken pains to make good use of the contrast method. The first contrast was between the curiosity of a child brought up in the plains and the magnificent views of the Qinghai-Xizang Plateau. The second one was between his mother and that couple--his father and stepmother. This contrast mainly relates to the spiritual plane and embodies the writer's intention to criticize. The last contrast is between his mother's letters and those of his stepmother. This contrast leads the story to a climax. His mother's letters were all for soliciting money and so on, but his stepmother's letters, written in imitation of his father's handwriting, were full of the spirit of contribution and sacrifice. By this sharp contrast in thinking between various individuals, the writer ardently praises the honored pioneers on the plateau like Lu Ye's father and stepmother.

Because the writer carried Lu Ye, who was brought up in a city in the plains, to the river head of Huang He, we can, through Lu Ye's eyes, see successive pictures of the beautiful and magnificent views of the plateau: grasslands as lovely as a green flannelette carpet, animal skeletons on the grasslands, and the many-colored Mei-lan-zi, flowers that blossom profusely in the ice and snow. Set against this scenery were several single-story, white-walled houses with red tile roofs, where Lu Ye's father worked. Secluded and spacious, those houses formed the first hydrometric station at the river mouth of Huang He. When we arrive there, further descriptions by the writer are no longer necessary. Gazing at the crystalline blue water of Huang He in the cool winds of the plateau and with our young leading character by our side, we can all come to realize something...

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A NEW CHAPTER ON REFORM--REVIEWING 'THE SOARING SHIJIAZHUANG'

Beijing RED FLAG in Chinese No 18, 16 Sep 86 inside back cover

[Book review by Guo Sheng [6753 4146]]

[Text] The tide of our all-round system reform, whose key area is the economic reform, is surging forward and rocking all cities, large and small, in the vast territories of China. The "Series of Books on Urban Reform in China," rich in both illustrations and verbal content, record this great historical change, commend the advanced, disseminate information, and promote our reforms. They constitute an invaluable monument of historical events and an artistic presentation of local records, and glorify those who contribute to the success of reform. Concerning the ideology guiding editing work, "The Soaring Shijiazhuang," one of that series of books, has its own unique features in addition to characteristics common to the whole series.

Some 70 years ago or earlier, Shijiazhuang was a small village with less than a hundred households, not a famous or important city. With the progress of history, and in particular, as a result of large-scale construction undertaken over more than 3 decades since liberation, it is no longer a tiny village. It is now a civilized, tidy, clean, and rationally planned modern big city with 6 districts and 4 counties under its administration, with a population of 2.52 million (of whom 800,000 live in urban areas), and with a total value of industrial and agricultural output amounting to 7.2 billion yuan. In the built-up urban districts occupying more than 60 square kilometers, with their numerous high-rise buildings and broad, level, and straight roads, there is a complete system of industries, including textiles and the pharmaceutical industry, which constitute the main body of the system, and other industries like machine-building, electronics, the chemical industry, garment-making, food, the metallurgical industry, building materials, oil, electric power, and coal. The city has many large key enterprises which in their own respective industries are counted as relatively big ones in China, like the Hubei Pharmaceutical Works, the tractor parts factory, the water pump factory, and so on. The city also has nearly 1,000 medium-sized and small enterprises. Shijiazhuang is now a major industrial city in the central plains of Hebei and an important hub of communications in China; in Hebei, it is the political, economic, and cultural center and center of scientific and technological undertakings.

It is like a glittering gem inlaid in the vast land of northern China. Tackling one system of industries after another, "The Soaring Shijiazhuang" comprehensively and elaborately presents the full picture of industry, agriculture, commerce, communications, postal and telecommunications services, cultural and educational work, scientific and technological work, and urban and rural construction. It depicts the fine prospects of development and furnishes important information needed for a full understanding of Shijiazhuang. It enables the reader to fully examine the complete face of Shijiazhuang.

Shijiazhuang is one of the cities in China selected for experimentation in economic system reform. While modestly learning from the experience of other localities, it has also creatively worked out a new path of comprehensive reform, called "impact and reflex," whose core is the invigoration of enterprises. Marked success has been achieved and the CPC Central Committee and other provinces and cities have praised the experience. "The Soaring Shijiazhuang" firmly grasps the economic system reform as a matter of crucial importance, and ardently praises models who are keen on making progress, like Ma Shengli, Zhang Xingrang, and Gui Shuli, nicknamed "Contract Ma," "Association Zhang," and "Reform Gui" respectively. The book publicizes a number of enterprises which have boldly undertaken reform and achieved marked success, and also their famous high-quality products. It commends a number of units which have made contributions to the building of two categories of civilization, and acclaims the new successes in reform achieved by various industries in the city. It is a song in praise of the urban reform.

The book has shaken off the bad habits of exaggeration, "magnification," and paying attention to flashiness at the expense of substance. It stands out by virtue of its plain and unadorned style and vivid description. The book contains nearly 100,000 characters and 600 photographs. Rigorously following the principle of striving to be realistic, the editors have repeatedly checked every paragraph, every photograph, and every description on products for mistakes, so that basically speaking, the style is simple, the information is full and accurate, the data are precise, and the value of the book as a source of information is rather high. Although there are some unavoidable shortcomings in editing and the book has certain weak points, it is after all a good book combining science and art, and a beautiful blossom in the garden of a hundred flowers--"Series of Books on Urban Reform in China." It will surely be welcomed by readers.

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